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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)

**(I) PROPOSED ISSUE OF CONVERTIBLE BONDS BY
A WHOLLY-OWNED SUBSIDIARY;**

**(II) POSSIBLE MAJOR TRANSACTION RELATING TO
DEEMED DISPOSAL OF INTEREST IN
A WHOLLY-OWNED SUBSIDIARY;**

AND

(III) RESUMPTION OF TRADING IN THE SHARES

Financial adviser to Jackin International Holdings Limited



THE SUBSCRIPTION AGREEMENT

On 21 January 2009, the Company announced that the Company, Oakview, Ugent and the Subscriber entered into the Memorandum of Understanding in relation to the proposed Subscription of the Convertible Bonds.

The Board is pleased to announce that on 6 March 2009, Ugent and the Subscriber entered into the Subscription Agreement to formalise the terms of the Memorandum of Understanding. According to the Subscription Agreement, Ugent has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds with an aggregate principal amount of HK\$177 million. Pursuant to the terms and conditions of the Convertible Bonds, the Convertible Bonds are initially convertible into new Ugent Shares representing 30% (with such percentage being subject to upward adjustment as a result of the adjustments in the Conversion Price pursuant to and in accordance with the terms and conditions of the Convertible Bonds but in any event not exceeding 49%) of the enlarged issued share capital of Ugent. A summary of the principal terms and conditions of the Convertible Bonds is set out below in this announcement.

The issue of new Ugent Shares to the Subscriber or the holders of the Convertible Bonds (as the case may be) upon conversion of the Convertible Bonds will be deemed to be a disposal of interest in Ugent by the Company under the Listing Rules. The deemed disposal (assuming a maximum number of Ugent Shares representing 49% of the enlarged issued share capital of Ugent is issued upon the full conversion of the Convertible Bonds) shall constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders by way of poll. The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder including the issue of new Ugent Shares upon conversion of the Convertible Bonds. The Subscriber and its associates, including the MC Funds, will abstain from voting at the SGM. A circular containing, among other things, details of the terms and condition of the Subscription Agreement and the Convertible Bonds together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 9 March 2009 pending the release 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 11 March 2009.

The Company announced on 21 January 2009 that the Company, Oakview, Ugent and the Subscriber entered into the Memorandum of Understanding in relation to the proposed Subscription of the Convertible Bonds. The Board is pleased to announce that on 6 March 2009 (after trading hours of the Stock Exchange), Ugent and the Subscriber entered into the Subscription Agreement to formalise the terms of the Memorandum of Understanding. The principal terms and conditions of the Subscription Agreement and the Convertible Bonds are set out below.

THE SUBSCRIPTION AGREEMENT

Date:

6 March 2009

Issuer:

Ugent, an indirectly wholly-owned subsidiary of the Company

Subscriber:

The China Fund, Inc., managed by affiliates of Martin Currie (Holdings) Limited

Aggregate amount of the Convertible Bonds to be subscribed:

Subject to fulfillment of the conditions precedent to the Subscription Agreement, the Subscriber has agreed to subscribe for the Convertible Bonds with an aggregate principal amount of HK\$177 million.

Conditions precedent to the Subscription Agreement:

The Subscriber's obligation to subscribe for the Convertible Bonds is subject to a number of conditions precedent including, among other things,

- (i) the representations and warranties of Ugent in the Subscription Agreement shall be correct in all material respects when made and at the time of Completion;
- (ii) the Subscriber and its professional advisors having completed due diligence on Ugent and its subsidiaries to the satisfaction of the Subscriber;

- (iii) the Subscriber having received opinions in agreed form and substance satisfactory to it from the Hong Kong counsel, Bermuda counsel as well as British Virgin Islands counsel to Ugent in connection with the transactions contemplated under the Subscription Agreement and covering such other matters incidental thereto as the Subscriber may reasonably request;
- (iv) the Subscription shall (a) be permitted by the laws and regulations of each jurisdiction to which the Subscriber is subject; (b) not violate any applicable law and regulation; and (c) not subject the Subscriber to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date of the Subscription Agreement;
- (v) there having been no change, event or other matter having any material adverse effect on Ugent and its subsidiaries since 30 June 2008;
- (vi) the necessary approvals, consents and authorisations relating to Ugent, the Company, Oakview or Ugent's subsidiaries necessary for the consummation of the transactions contemplated under the Subscription Agreement shall have been obtained, including but not limited to (a) approval from the holders of the Existing Bonds and the Warrants; (b) approval of the Shareholders pursuant to the requirements of the Listing Rules; (c) the approvals and consents from the principal bankers and financial creditors of members of the Group to waive certain undertakings;
- (vii) the due execution and delivery by Ugent of documents relating to a charge for 100% of the shares of AFEX and a charge over an interest bearing account to be established by Ugent at the time of Completion to secure the performance of Ugent under the Convertible Bonds, as more particularly disclosed in the sub-paragraph headed "Security" in the paragraph headed "Principal terms of the Convertible Bonds" below; and
- (viii) the total amount of any inter-company loan(s) granted by Ugent to the Company or any member of the Group shall not exceed HK\$78 million plus accrued but unpaid interest.

Completion of the Subscription Agreement:

Completion will take place on 6 April 2009 or such later date as may be agreed by Ugent and the Subscriber.

PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

The terms and conditions of the Convertible Bonds were determined after arm's length negotiations between the Company, Ugent and the Subscriber and are summarised below:

- Principal amount** : HK\$177 million
- Issue price** : 100% of the principal amount of the Convertible Bonds.
- Security** : (i) a charge executed by Ugent over 100% of the issued shares of AFEX to secure amongst others, the performance of Ugent under the Convertible Bonds; and (ii) a charge over an interest bearing account to be established by Ugent for the purpose of securing amongst others, its performance under the Convertible Bonds, including the remittance of sufficient funding to the Company for settling the First Existing Bonds.
- Ranking** : The Convertible Bonds constitute direct, unconditional, unsubordinated, first ranking and secured senior obligations of Ugent upon issue (subject to the registration of the release of the share charge created in connection with the First Existing Bonds).
- Interest** : 12% per annum on the outstanding principal amount of the Convertible Bonds, which shall be payable semi-annually on 30 September and 31 March each year. Due and unpaid interest shall accrue on the overdue sum at the rate of 14% per annum from the due date. Accrued and unpaid interest may be paid in cash or, at the option of the Subscriber, settled in the form of Ugent Shares at the applicable Conversion Price upon the conversion of the Convertible Bonds.

- Maturity date** : The date falling the third anniversary of the issue date of the Convertible Bonds.
- Redemption at maturity** : Unless previously redeemed or converted, Ugent will redeem the Convertible Bonds on the day falling three calendar years after the issue date of the Convertible Bonds at the redemption price equal to (a) 100% of the principal amount of the Convertible Bonds; plus (b) all interest accrued up to the date of the redemption but unpaid.
- Conversion Price** : Initially at HK\$41,300 per Ugent Share, subject to the Conversion Price reset event and Conversion Price adjustments as stated below.
- Conversion period** : Any time following the issue of and up to the maturity date of the Convertible Bonds.
- Conversion Price reset event** : In the event that the consolidated EBITDA of Ugent for the financial year ending 31 December 2009 as stated in its audited consolidated accounts is less than or equal to 90% of HK\$145 million (i.e. HK\$130.5 million), the Conversion Price will be adjusted on 30 April 2010 according to the following formula:

$$\text{Adjusted Conversion Price} = \text{HK\$41,300} \times \frac{\text{audited consolidated EBITDA of Ugent for the financial year ending 31 December 2009}}{\text{HK\$145 million}}$$

Conversion Price adjustments : The Conversion Price shall also be subject to customary anti-dilution adjustments on the occurrence of the following events:

- (i) the making of a free distribution or distribution by way of dividend of any shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in equity of Ugent (the “Capital Stock”);
- (ii) any sub-division, consolidation and/or re-classification of Ugent Shares;
- (iii) the declaration of any dividend or other distribution by Ugent (other than dividend by way of Capital Stock described in (i) above) including any repurchase or redemption of Ugent Shares to the extent of any excess in the repurchase or redemption price over its fair value (as determined by an independent investment banker or financial institution designated jointly by the Subscriber and Ugent as a calculation agent (the “Calculation Agent”)) immediately preceding such declaration;
- (iv) the issue of Ugent Shares at a price per share less than the fair value (as determined by the Calculation Agent) immediately prior to the announcement of such issue; and
- (v) the grant, issue or offer of rights or warrants to subscribe for or purchase, or other securities convertible into or exchangeable for, the Capital Stock of Ugent at less than fair value (as determined by the Calculation Agent) of such Capital Stock immediately prior to such grant, issue or offer.

Ugent Shares to be issued under the Convertible Bonds : Based on the Conversion Price per Ugent Share of HK\$41,300, a total of 4,286 Ugent Shares will be issued upon full conversion of the principal amount of the Convertible Bonds, representing 30% of the enlarged issued share capital of Ugent on a fully diluted basis, assuming there are no accrued and unpaid interest on the Convertible Bonds at such time.

The Ugent Shares to be issued upon conversion shall rank pari passu in all respects with the other Ugent Shares in issue on the relevant date of issuance.

Fractions of Ugent Shares will not be issued on conversion and cash adjustments will be made in respect thereof.

In no event shall any conversion or series of conversions of the Convertible Bonds result in the holder(s) of the Convertible Bonds holding more than 49% of the enlarged issued share capital of Ugent on a fully-diluted basis. Any such conversion that would exceed such limit will not proceed and the principal amount of the Convertible Bonds not so converted shall be deemed to remain outstanding.

Listing : No listing will be sought for the Convertible Bonds on the Stock Exchange or any other stock exchanges.

Early redemption by Ugent : At any time after the day falling 12 months after the date of issue of the Convertible Bonds until the date of maturity, Ugent may, having given not less than 30 days written notice to the bondholders, redeem the Convertible Bonds in whole (but not in part) at 100% of the principal amount of the Convertible Bonds redeemed plus any accrued and unpaid interest, provided that during such 30 days notice period, the bondholders do not serve any notice to exercise the right to convert the Convertible Bonds.

- Early redemption by the bondholders** : The bondholders may, by giving 2 Business Days notice to Ugent, require the Convertible Bonds to be immediately redeemed in full (but not in part) at 100% of the principal amount of the Convertible Bonds redeemed plus any accrued and unpaid interest upon the occurrence of (a) a change of control of AFEX (as defined in the Subscription Agreement); or (b) non-completion of the redemption of the First Existing Bonds and the existing share charge over the shares of AFEX within 10 Business Days from Completion.
- Transferability** : The bondholder(s) may freely transfer the Convertible Bonds provided that any transfer to a connected person of the Company (as defined in the Listing Rules) be notified to the Company in advance and is in compliance with the Listing Rules.

INFORMATION ON THE SUBSCRIBER

According to the information provided by the Subscriber, the Subscriber is a non-diversified, closed-end management investment company whose shares are listed for trading on The New York Stock Exchange, Inc. Martin Currie Inc. has served as the investment manager of the Subscriber with respect to its holdings of listed securities and direct investments. Martin Currie Investment Management Limited and Martin Currie Inc. are wholly-owned subsidiaries of Martin Currie Limited, which is in turn a wholly-owned subsidiary of Martin Currie (Holdings) Limited. Both Martin Currie Investment Management Limited and Martin Currie Inc. act as discretionary investment managers for the MC Funds, including the Martin Currie Fund and the Subscriber.

As at the date of this announcement, and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, MC Funds are interested in an aggregate of 68,234,000 Shares, representing approximately 7.71% of the existing issued share capital of the Company, as well as the Warrants and the Existing Bonds. Save as aforesaid and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

INFORMATION ON UGENT

Ugent is a company incorporated under the laws of the British Virgin Islands with limited liability on 18 May 1993. The current issued and paid-up share capital of Ugent is US\$10,000, which is 100% owned by Oakview, which in turn is a wholly-owned subsidiary of the Company. Ugent is an investment holding company and its principal asset comprises 100% of the issued share capital of AFEX. AFEX is a limited liability company incorporated under the laws of Hong Kong on 4 January 2002 and its current issued and paid-up share capital is HK\$50,000. 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 (Shenzhen Afex Print Image Ltd.*) and 珠海利滿丰源打印耗材有限公司 (Zhuhai Afex Print Image Ltd.*), each a wholly foreign owned enterprise established under the laws of the PRC. AFEX and its subsidiaries are principally engaged in the operations of remanufactured/recycled toner cartridge production.

Based on the unaudited combined accounts of the Ugent Group which were used for preparing the audited consolidated accounts of the Group, the combined net assets of the Ugent Group as at 31 December 2007 amounted to approximately HK\$66.1 million. The combined EBITDA of the Ugent Group for the year ended 31 December 2007 amounted to approximately HK\$61.9 million. The combined net profit before tax of the Ugent Group for the years ended 31 December 2006 and 2007 amounted to approximately HK\$25.3 million and HK\$47.8 million respectively, while the combined net profit after tax of the Ugent Group for the years ended 31 December 2006 and 2007 amounted to approximately HK\$21.5 million and HK\$45.3 million respectively.

REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS 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.

As disclosed in the Group's 2008 interim report, the Group expects global demand for recycled products to grow fast and strong, particularly for recycled toner cartridges, as the world becomes more conscious about environmental protection. To cope with the growing market, the Group will continue to expand its production capacity and enhance its facilities and research and development capabilities to widen its product lines. The Group will also seek to extend its business coverage to new markets and explore opportunities to collaborate with reputable companies to expand its distribution network. To fulfill the cashflow requirement of expansion, the Group has been actively seeking financing for the business. To this end, the Company intends that the net proceeds (after deducting professional fees and all related expenses) to be raised from the issue of the Convertible Bonds of approximately HK\$175 million shall be used as to HK\$80 million for the repayment of the principal amount and accrued interest of the First Existing Bonds at Completion and as to the remaining balance of approximately HK\$95 million for funding the general working capital requirements of the Ugent Group. On or before Completion, Ugent and the Company will execute a facility agreement, pursuant to which Ugent will provide the Company with an intra-group funding out of the proceeds from the Subscription for the purpose of repaying the principal amount and accrued interest of the First Existing Bonds upon which the First Existing Bonds will be cancelled and extinguished.

The First Existing Bonds are due to mature in June 2010. The issue of the Convertible Bonds with proceeds therefrom to repay the First Existing Bonds serves to raise more funding for the Group's business requirement for a period extending beyond the maturity date of the First Existing Bonds. The conversion feature of the Convertible Bonds also provides the Group with an opportunity to introduce a financial partner to the Ugent Group. Should the Subscriber choose to convert all or part of the Convertible Bonds into Ugent Shares, the repayment obligation under the Convertible Bonds will be extinguished and the cashflow of the Group would be preserved. In view of the current credit crunch and financial tsunami, which have caused unprecedented and adverse repercussions worldwide, the Subscription offers a good opportunity to the Group to strengthen its financial position.

Taking into account of the above, the Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company, Ugent and the Subscriber, are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ISSUE OF THE CONVERTIBLE BONDS AND THE POSSIBLE SUBSEQUENT CONVERSION

Upon the issue of the Convertible Bonds, the total assets of the Group will be increased by an amount equal to the excess of the principal amount of the Convertible Bonds over the First Existing Bonds; the total liabilities of the Group will be increased by an amount equal to the excess of the liability component of the Convertible Bonds over the principal amount of the First Existing Bonds; and the total equity of the Group will be increased by the equity component, if any, of the Convertible Bonds.

During the term of the Convertible Bonds, the Group will incur interest expenses calculated at 12% per annum on the outstanding principal amount of the Convertible Bonds. For illustration purpose, the estimated gain of the Group to be derived from the deemed disposal of a 30% equity interest in Ugent upon conversion of the Convertible Bonds would be, subject to audit, approximately HK\$157 million based on the combined net asset value of the Ugent Group as at 31 December 2007 and assuming full conversion of the Convertible Bonds at the Conversion Price and there are no accrued and unpaid interest at such time and no adjustments are required to be made to the Conversion Price.

Ugent is currently a wholly-owned subsidiary of the Company. Should the Convertible Bonds be converted in full by the Subscriber at the Conversion Price, the Company's equity interest in Ugent would decrease to 70%. Given that the terms of the Convertible Bonds limit the maximum number of Ugent Shares to be issued to not more than 49% of Ugent's enlarged issued share capital, Ugent will continue to be at least a 51% subsidiary of the Company and its accounts will continue to be consolidated to the Group's financial statements notwithstanding the conversion of the Convertible Bonds to the fullest extent.

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST TWELVE MONTHS

On 11 February 2009, the Company announced a top-up placing, on a best effort basis, of up to 80,000,000 Shares at an issue price of HK\$0.30 each. A total of 50,000,000 new Shares were successfully placed up completion of the top-up placing on 24 February 2009. Net proceeds of approximately HK\$13.8 million were raised from the top-up placing and will be applied as general working capital of the Group.

Save as disclosed above, the Company did not conduct any equity fund raising activities in the past twelve months before the date of this announcement.

GENERAL

The issue of new Ugent Shares to the Subscriber or the holders of the Convertible Bonds (as the case may be) upon conversion of the Convertible Bonds will be deemed to be a disposal of interest in Ugent by the Company under the Listing Rules. The deemed disposal (assuming a maximum number of Ugent Shares representing 49% of the enlarged issued share capital of Ugent is issued upon the full conversion of the Convertible Bonds) shall constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders by way of poll. The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder including the issue of new Ugent Shares upon conversion of the Convertible Bonds. The Subscriber and its associates, including the MC Funds, will abstain from voting at the SGM. A circular containing, among other things, details of the terms and conditions of the Subscription Agreement and the Convertible Bonds together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 9 March 2009 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 11 March 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AFEX” AFEX International (HK) Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of Ugent

“associate(s)” has the meaning ascribed to it in the Listing Rules

“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding a Saturday and Sunday) on which banks generally are open for business in New York, the British Virgin Islands or Hong Kong
“Company”	Jackin International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on Main Board of the Stock Exchange
“Completion”	completion of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	the initial conversion price of the Convertible Bonds, being HK\$41,300 per Ugent Share (subject to adjustments)
“Convertible Bonds”	the HK\$177,000,000 12% secured convertible bonds due 2012 to be issued by Ugent as contemplated under the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EBITDA”	Earnings before interest, taxes, depreciation and amortization
“Existing Bonds”	(i) the First Existing Bonds; and (ii) the HK\$31,200,000 15% guaranteed bonds due 2010 issued by the Company on 10 October 2008 to Martin Currie Fund

“First Existing Bonds”	the HK\$78,000,000 10% bonds due 2010 secured by a fixed charge over 100% of the shares of AFEX issued by the Company on 27 June 2007 to Martin Currie Fund, further details of which are set out in the announcement of the Company dated 21 June 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Martin Currie Fund”	Martin Currie China Hedge Fund L.P.
“Memorandum of Understanding”	the term sheet dated 19 January 2009 and entered into among the Company, Oakview, Ugent and the Subscriber setting out the agreements in principle between the parties thereto in connection with the Subscription
“MC Funds”	any funds managed by affiliates of Martin Currie (Holdings) Limited from time to time including Martin Currie Fund and the Subscriber
“Oakview”	Oakview International Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China

“SGM”	the special general meeting of the Company to be convened for the purpose of considering and approving the Subscription Agreement and the transactions contemplated thereunder including the issue of new Ugent Shares upon conversion of the Convertible Bonds
“Share(s)”	ordinary share(s) of par value HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	The China Fund, Inc.
“Subscription”	the proposed subscription by the Subscriber of the Convertible Bonds as contemplated under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 6 March 2009 entered into between Ugent and the Subscriber in relation to the Subscription
“Ugent”	Ugent Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of Oakview
“Ugent Group”	Ugent and its subsidiaries
“Ugent Share(s)”	ordinary share(s) of par value US\$1.00 each in the share capital of Ugent

“Warrants”	unlisted warrants of the Company conferring rights entitling the holder(s) thereof to subscribe for up to 56,317,689 new Shares at HK\$0.554 per Share (subject to adjustments), further details of which are set out in the announcement of the Company dated 21 June 2007
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 10 March 2009

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 and Dr. Li Sau Hung, Eddy, Mr. Leung Ka Kui, Johnny and Mr. Chan Kam Kwan, Jason are the independent non-executive Directors.

* *For identification purpose only*