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**北方興業控股有限公司\***  
**NORTHERN INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 736)

(the "Company")

**SUBSCRIPTION OF NEW SHARES**

The Company and the Subscriber entered into a conditional agreement on 14 July 2005 for the subscription of 48 million Shares at a price of HK\$0.26 per New Share.

The subscription is effected to raise fund for the Company. The Company will use the net proceeds of the subscription of approximately HK\$12.28 million as general working capital.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. of 14 July 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Monday, 18 July 2005.

**SUBSCRIPTION AGREEMENT DATED 14 JULY 2005**

**Parties:**

Issuer : The Company

Subscriber : Easy Huge Holdings Limited (the "Subscriber"), a company incorporated in the British Virgin Islands on 15 April 2005 and is wholly owned by Mr. Ng Kin Wah ("Mr. Ng").

Guarantor : Mr. Ng

**Number of new shares subscribed for:**

48 million new shares of HK\$0.20 each (the "New Shares"), representing about 19.71% of the Company's existing issued share capital and about 16.47% of its issued share capital as enlarged by the subscription.

**Price:**

HK\$0.26 per New Share, representing a discount of approximately 18.75% to the closing price of HK\$0.32 per share of HK\$0.20 each of the Company (the "Share(s)") quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 July 2005; a discount of approximately 16.40% to the average closing price of HK\$0.311 per Share quoted on the Stock Exchange for the 5 trading days up to and including 13 July 2005; and a premium of approximately 23.81% to the unaudited consolidated net asset value of the Company and its subsidiaries (the "Group") per Share of HK\$0.21 (based on 4,831,957,705 shares of HK\$0.01 each of the Company (equivalent to 241,597,885.25 existing shares of the Company of HK\$0.20 each) in issue as at 30 September 2004 and the unaudited consolidated net asset value of the Group of HK\$51,174,945 as at 30 September 2004 as reported in the Company's interim report for the six months ended 30 September 2004 (the "Interim Report")).

Based on an estimated expenses of about HK\$200,000 for the subscription, the Company will be able to raise about HK\$12.28 million net proceeds from the subscription. On this basis, the net issue price per New Share is approximately HK\$0.256.

The price is determined at arm's length basis and the directors of the Company consider that the terms of the subscription agreement are fair and reasonable and are in the interest of the Company in view of the fact that the issue price per New Share represents a substantial premium to the Group's consolidated net asset value per Share as shown above.

The subscription price of the New Shares will be paid to the Company on the date of completion of the subscription.

**Mandate to issue the New Shares:**

The New Shares are to be issued under the general mandate granted to the directors of the Company pursuant to the resolutions of the shareholders of the Company passed at its annual general meeting held on 27 August 2004.

**Ranking:**

The New Shares, when fully paid, will rank equally with the existing issued shares of the Company.

**Independence of the Subscriber:**

The Subscriber and Mr. Ng are third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules).

The Company has no present intention to appoint Mr. Ng as a director of the Company.

**Condition of the subscription:**

The subscription is conditional on the granting of a listing of and permission to deal in the New Shares by the Listing Committee of the Stock Exchange.

**If the condition is not fulfilled on or before 3 August 2005 (or such other date as the parties may mutually agree) the subscription agreement will lapse.**

**Completion of subscription:**

Third business day after the condition of the subscription has been fulfilled (or such other date as the parties may agree).

**APPLICATION FOR LISTING**

Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the New Shares.

**REASON FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The subscription is effected to raise fund for the Company. The Company will use the estimated net proceeds of the subscription of approximately HK\$12.28 million as general working capital. There is no specific intended use of such proceeds at present. Given the high gearing ratio (being the ratio of total borrowings to shareholders' funds) of the Group (79% as at 30 September 2004 as reported in the Interim Report), the subscription will help to strengthen the financial position of the Group. The Company has not yet determined whether to use the proceeds from the subscription for repayment of loans.

The Company considers that the subscription is a preferred method of fund raising as compared with other equity fund raising exercises based on time and costs involved.

## EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the subscription, the shareholding structure of the Company immediately before and after the subscription will be as follows:

Shareholders	Immediately before the subscription		Immediately after the subscription	
	Shares	%	Shares	%
Win Channel Investments Limited ( <i>Note 1</i> )	65,000,000	26.69%	65,000,000	22.30%
The Subscriber	–	–	48,000,000	16.47%
Mr. Chong Sing Yuen ( <i>Note 2</i> )	1,411,552	0.58%	1,411,552	0.48%
Mr. Chu Kiu Fat ( <i>Note 2</i> )	2,000	0.00%	2,000	0.00%
Public	<u>177,084,333.25</u>	<u>72.73%</u>	<u>177,084,333.25</u>	<u>60.75%</u>
Total	<u>243,497,885.25</u>	<u>100.00%</u>	<u>291,497,885.25</u>	<u>100.00%</u>

Notes:

1. A company wholly owned by Mr. Chim Pui Chung.
2. An executive director of the Company.

The Company will be able to comply with the public float requirement under the Listing Rules immediately after completion of the subscription.

## GENERAL INFORMATION

The Group is principally engaged in the business of manufacture and sale of snap off blade cutters and electronic consumer products, including toys and home appliances, as well as property investment in Hong Kong and the People's Republic of China. As at the date of this announcement, the executive directors of the Company are Messrs. Chong Sing Yuen, Chong Chun Hing, Chu Kiu Fat, Wong Siu Keung, Joe, Chong Chun Kwok, Piggy; and the independent non-executive directors of the Company are Messrs. Chan Ping Yim, Chan Shun and Cheng Kwok Hing, Andy.

Based on information provided by the Subscriber, its principal activity is investment holding.

Save for the proposed open offer (the "Open Offer") disclosed in the Company's announcement dated 28 January 2005 (the "Announcement"), there has been no equity fund raising activities of the Company during the 12 months ended immediately before the date of this announcement. It was stated in the Announcement that the Company proposed to raise not less than HK\$94 million through the Open Offer and the Company intended to use such proceeds for possible investment. As stated in the Company's announcement dated 18 April 2005, the underwriter under the Open Offer purported to terminate the relevant underwriting agreement and failed to take up the underwritten shares, the Open Offer therefore was terminated. The Company is seeking legal advice on the necessary actions to be taken against the relevant underwriter. The subscription is not related to the termination of the Open Offer.

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 14 July 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Monday, 18 July 2005.

By order of the Board  
**Chong Sing Yuen**  
Chairman

Hong Kong, 15 July 2005

\* For identification only

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