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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 AND RESUMPTION OF TRADING

The Company and Subscriber entered into a conditional agreement on 18 May 2006 for the subscription of 58 million Shares at a price of HK\$0.23 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\$13.24 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 19 May 2006 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, 22 May 2006.

SUBSCRIPTION AGREEMENT DATED 18 MAY 2006

Parties:

Issuer : The Company

Subscriber : Pan Chien Pu (the "Subscriber") who is a Taiwanese merchant. A stock broker, a member of The Stock Exchange of Hong Kong Limited, introduced the Subscriber to our Company and the Subscriber expressed her interests in subscribing for new shares of the Company.

Number of new shares subscribed for:

58 million new shares of HK\$0.20 each (the "New Shares"), representing about 19.90% of the Company's existing issued share capital and about 16.60% of its issued share capital as enlarged by the subscription.

Price:

HK\$0.23 per New Share, representing a discount of approximately 14.81% to the closing price of HK\$0.27 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 18 May 2006; a discount of approximately 17.27% to the average closing price of HK\$0.278 per Share quoted on the Stock Exchange for the 5 trading days up to and including 18 May 2006; and a premium of approximately 91.67% to the unaudited consolidated net asset value of the Company and its subsidiaries (the "Group") per Share of HK\$0.12 (based on 291,497,885.25 shares of HK\$0.20 each of the Company in issue as at 30 September 2005 and the unaudited consolidated net asset value of the Group of HK\$35,515,085 as at 30 September 2005 as reported in the Company's interim report for the six months ended 30 September 2005 (the "Interim Report")).

Based on an estimated expenses of about HK\$100,000 for the subscription, the Company will be able to raise about HK\$13.24 million net proceeds from the subscription. On this basis, the net issue price per New Share is approximately HK\$0.228. 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 Share:

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 29 September 2005.

Ranking:

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

Independence of the Subscriber:

The Subscriber is a third party independent of and not connected with the Company or its connected persons (as defined in the Listing Rules). The Subscriber is not acting in concert with the other shareholders.

The Company has no present intention to appoint Ms. Pan 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 7 June 2006 (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).

* For identification only

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\$13.24 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 (115% as at 30 September 2005 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.

FUND RAISING PAST 12 MONTHS

The Company has raised the fund of net proceeds of subscription of new shares approximately HK\$12.28 million on 14 July 2005 as general working capital. The fund was fully utilized in the general working capital.

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 Investment Limited (<i>Note 1</i>)	65,000,000.00	22.30%	65,000,000.00	18.60%
Easy Huge Holdings Limited (<i>Note 2</i>)	48,000,000.00	16.47%	48,000,000.00	13.73%
The Subscriber	–	–	58,000,000.00	16.60%
Mr. Chong Sing Yuen (<i>Note 3</i>)	1,411,552.00	0.48%	1,411,552.00	0.40%
Mr. Chu Kiu Fat (<i>Note 4</i>)	2,000.00	0.00%	2,000.00	0.00%
Public	177,084,333.25	60.75%	177,084,333.25	50.67%
Total	<u>291,497,885.25</u>	<u>100.00%</u>	<u>349,497,885.25</u>	<u>100.00%</u>

Notes:

1. A Company wholly owned by Mr. Chim Pui Chung.
2. A Company wholly owned by Mr. Ng. Kin Wah.
3. An executive director of the Company.
4. An ex-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, Wong Siu Keung, Joe, Au Tat On, Lu Xiao Dong; and the independent non-executive directors of the Company are Messrs. Chan Ping Yim, Cheng Kwok Hing, Andy and Yeung Yuen Hei.

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 Friday 19 May 2006, 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 will effect from 9:30 a.m. on Monday, 22 May 2006.

By order of the Board
Wong Siu Keung, Joe
Company Secretary

Hong Kong, 19 May 2006

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