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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)

PROPOSED CAPITAL REORGANISATION INVOLVING CAPITAL REDUCTION AND SHARE PREMIUM REDUCTION AND CHANGE OF PRINCIPAL PLACE OF BUSINESS

Capital Reorganisation:

The Board proposes to effect the Capital Reorganisation which involves the Capital Reduction and the Share Premium Reduction in accordance with the Bye-laws of the Company and all applicable laws.

The Capital Reduction involves a reduction in the nominal value of each Existing Share in issue of HK\$0.20 by HK\$0.19 to HK\$0.01. Pursuant to the Share Premium Reduction, the entire amount standing to the credit of the share premium account of the Company will be cancelled.

The amounts arising from the Capital Reorganisation of approximately HK\$120.8 million will be credited to the contributed surplus account of the Company and part of which will be used to fully eliminate the accumulated deficits of the Company as of 31 December 2006 of approximately HK\$99.7 million.

A circular containing (i) further information on the Capital Reorganisation; and (ii) the notice of the SGM will be despatched to the Shareholders as soon as practicable. A SGM will be held to consider and, if thought fit, approve the necessary resolution(s) in respect of the Capital Reorganisation.

Change of principal place of business:

The Board announces that the principal place of business of the Company has been changed to Room 2001, 20/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong with effect from 12 April 2007.

CAPITAL REORGANISATION

The Board proposes to effect the Capital Reorganisation which involves the Capital Reduction and the Share Premium Reduction in accordance with the Bye-laws of the Company and all applicable laws.

1. Capital Reduction

Pursuant to the Capital Reduction, the issued share capital of the Company will be reduced by HK\$0.19 per Existing Share by cancelling an equivalent amount of paid-up capital per Existing Share so that the nominal value of each Existing Share in issue will be reduced from HK\$0.20 to HK\$0.01.

2. Share Premium Reduction

Pursuant to the Share Premium Reduction, the entire amount standing to the credit of the share premium account of the Company will be cancelled.

The credit arising from (1) and (2) above will be transferred to the contributed surplus account of the Company where it may be utilised by the Directors in accordance with the Bye-laws of the Company and all applicable laws, including to apply such credit against the accumulated losses of the Company.

3. Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company amounts to HK\$300,000,000 comprising 1,500,000,000 Existing Shares of HK\$0.2 each, of which 419,392,885 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Capital Reorganisation taking effect and on the basis that the Company does not allot and issue any further Existing Shares prior thereto, the authorised share capital of the Company shall be reduced to HK\$15,000,000 by the amount of HK\$285,000,000 comprising 1,500,000,000 New Shares, of which 419,392,885 New Shares will be in issue. The New Shares will rank pari passu in all respects with each other.

On the basis of 419,392,885 Existing Shares in issue and the unaudited amount of approximately HK\$41.1 million standing to the credit of the share premium account of the Company

as at 31 December 2006, a credit of approximately HK\$120.8 million will arise from the Capital Reorganisation. Such amount will be transferred to the contributed surplus account of the Company upon implementation of the Capital Reorganisation. Part of the contributed surplus of the Company will be applied to eliminate the accumulated deficits of the Company, which amounted to approximately HK\$99.7 million as at 31 December 2006. Based on the above, the accumulated deficits of the Company as at 31 December 2006 will be fully eliminated and there will be a surplus of approximately HK\$21.1 million standing to the credit of the contributed surplus account of the Company following the Capital Reorganisation becoming effective.

Set out below is a table summarising the effects of the Capital Reorganisation on the Company:

	As at the date of this announcement or otherwise specified	Upon the Capital Reorganisation becoming effective
Nominal value of shares	HK\$0.20	HK\$0.01
Authorised share capital	HK\$300,000,000 consisting of 1,500,000,000 Existing Shares	HK\$15,000,000 consisting of 1,500,000,000 New Shares
Issued share capital	Approximately HK\$83.9 million divided into 419,392,885 Existing Shares	Approximately HK\$4.2 million divided into 419,392,885 New Shares
Unissued share capital	Approximately HK\$216.1 million divided into 1,080,607,115 Existing Shares	Approximately HK\$10.8 million divided into 1,080,607,115 New Shares
Share premium account	Approximately HK\$41.1 million	Nil

	As at the date of this announcement or otherwise specified	Upon the Capital Reorganisation becoming effective
Accumulated deficits	Approximately HK\$99.7 million as at 31 December 2006	Nil
Contributed surplus account	Nil	Approximately HK\$21.1 million

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, net asset value, business operations, management or financial position of the Company or the interests or rights of the Shareholders. The Capital Reorganisation will not affect the Company's ability to repay its liabilities when they fall due and does not involve any repayment to the Shareholders of any paid-up capital of the Company.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares to be in issue upon the Capital Reorganisation taking effect.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

4. Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

- (i) the passing by the Shareholders of the necessary special resolution(s) to approve the Capital Reorganisation;

- (ii) compliance with the relevant legal procedures and requirements under the Companies Act of Bermuda to effect the Capital Reorganisation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares in issue.

5. Reasons for the Capital Reorganisation

The Directors consider that it would be inappropriate for the Company to pay any dividends while the Company has accumulated deficits, although the Company has no present intention to pay any dividends. Based on the accumulated deficits as at 31 December 2006, and the number of Existing Shares in issue as at the date of this announcement, it is expected that the accumulated deficits of the Company will be fully eliminated upon the Capital Reorganisation becoming effective. The Capital Reorganisation will therefore facilitate any dividend payment by the Company as and when appropriate in the future. Based on the above, the Directors consider that the Capital Reorganisation is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

6. Expected timetable

Set out below is the expected timetable for implementation of the Capital Reorganisation:

2007

Latest time for lodging form of proxy for the SGM	9:30 a.m. on Saturday, 19 May
SGM	9:30 a.m. on Monday, 21 May
Effective date for the Capital Reorganisation	4:00 p.m. on Monday, 21 May
Free exchange of existing pink share certificates for new blue share certificates commences	Tuesday, 22 May
Free exchange of existing pink share certificates for new blue share certificates ends	Friday, 22 June

7. Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective on or about Monday, 21 May 2007, Shareholders may, during Tuesday, 22 May 2007 to Friday, 22 June 2007 (both dates inclusive), submit existing pink share certificates for Existing Shares to the Company's branch share registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new blue share certificates for New Shares with new nominal value of HK\$0.01. Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Existing Shares cancelled or each new share certificate issued for New Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for New Shares at any time.

It is expected that new certificates for New Shares will be available for collection within 10 business days after the submission of the existing share certificates for Existing Shares to Secretaries Limited for exchange. Unless otherwise instructed, new share certificates will be issued in board lot of 5,000 New Shares each. New share certificates for New Shares will be blue in colour to distinguish them from the existing share certificates for Existing Shares which are pink in colour.

CHANGE OF PRINCIPAL PLACE OF BUSINESS

The Board announces that the principal place of business of the Company has been changed to Room 2001, 20/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong with effect from 12 April 2007.

GENERAL

A circular containing (i) further information on the Capital Reorganisation; and (ii) the notice of the SGM will be despatched to the Shareholders as soon as practicable.

No Shareholders or their associates (as defined in the Listing Rules) have interests in the Capital Reorganisation which is different from that of other Shareholders. No Shareholders are required to abstain from voting at the SGM to approve the Capital Reorganisation.

DEFINITIONS

“Board”	the board of Directors
“Bye-laws”	bye-laws of the Company
“Capital Reduction”	the proposed capital reduction which involves the nominal value of each Existing Share in issue being reduced from HK\$0.2 to HK\$0.01
“Capital Reorganisation”	collectively, the Capital Reduction and the Share Premium Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Northern International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Existing Share(s)”	existing ordinary share(s) of HK\$0.20 each in the capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	new ordinary share(s) of HK\$0.01 each in the capital of the Company after the Capital Reorganisation has taken effect
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the necessary resolution(s) in respect of the Capital Reorganisation
“Share Premium Reduction”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company
“Shareholder(s)”	holder(s) of the Existing Shares or, as the case may be, New Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited
By Order of the Board
NORTHERN INTERNATIONAL HOLDINGS LIMITED
Wong Siu Keung, Joe
Company Secretary

Hong Kong, 12 April 2007

* *For identification purpose only*

As at the date of this announcement, the executive Directors are Messrs. Zhao Qing Ji, Au Tat On, Lu Xiao Dong and Wong Siu Keung, Joe; and the independent non-executive Directors are Messrs. Cheng Kwok Hing, Andy, Yeung King Wah and Yeung Yuen Hei.

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