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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 OPEN OFFER OF NEW SHARES ON THE BASIS OF
THREE OFFER SHARES FOR EVERY SHARE HELD;
APPLICATION FOR WHITEWASH WAIVER;
INCREASE IN AUTHORISED SHARE CAPITAL;
AND
RESUMPTION OF TRADING**

Financial adviser to Northern International Holdings Limited



VXL

FINANCIAL SERVICES LIMITED

卓越企业融资有限公司

Underwriters to the Open Offer

PROFIT KEY GROUP LIMITED



VC BROKERAGE LIMITED

滙盈證券有限公司

(A Member of Melco Group)

Open Offer:

The Company proposes to raise approximately HK\$213.9 million before expenses by issuing 1,258,178,655.75 Offer Shares at a price of HK\$0.17 per Offer Share by way of the Open Offer, payable in full on application on the basis referred to below. Qualifying Shareholders will be offered three Offer Shares for every Share held on the Record Date. The Open Offer will not be available to the Excluded Shareholders (if any). Net proceeds from the Open Offer of approximately HK\$207 million are expected to be applied as to approximately HK\$157.7 million for repayment of promissory notes and as to approximately HK\$49.3 million for general working capital of the Group.

The Open Offer is fully underwritten and conditional. In particular, it is subject to the Underwriting Agreement becoming unconditional and the Underwriters not terminating the Underwriting Agreement in respect of the Open Offer (see paragraph headed “Termination of the Underwriting Agreement” in the sub-section headed “Underwriting Agreement dated 24 July 2007” in the section headed “Open Offer” below). Accordingly, the Open Offer may or may not proceed.

The Underwriting Agreement contains provisions granting the Underwriters the rights, which may be exercised at any time prior to 4:00 p.m. on the third business day after the latest time for acceptance of, and payment for, the Offer Shares, to terminate the Underwriting Agreement on the occurrence of certain events. If the Underwriters terminate the Underwriting Agreement, the Open Offer will not proceed.

Any Shareholder or other person dealing in Shares up to the date on which the condition to which the Open Offer is subject is fulfilled will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

The expected timetable for the Open Offer and the associated trading arrangements will be announced by the Company upon despatch of circular regarding the Open Offer to the Shareholders.

Whitewash Waiver:

As at the date of the Underwriting Agreement, Profit Key and parties acting in concert with it were interested in 58,000,000 Shares representing approximately 13.83% of the issued share capital of the Company. In the event that Profit Key is required to subscribe for all the 629,089,327.75 Offer Shares being underwritten on its part, Profit Key and parties acting in concert with it will become interested in a total of 687,089,327.75 Shares, representing approximately 40.96% of the issued share capital of the Company as enlarged by the Open Offer. Profit Key and parties acting in concert with it will then be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code. An application will be made to the Executive by Profit Key for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the Independent Shareholders taken by way of a poll at the SGM.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be obtained. **If the Whitewash Waiver is not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.**

Increase in authorized share capital of the Company:

To cater for the issue of Offer Shares, the Directors propose to increase the authorized share capital of the Company from HK\$15,000,000 divided into 1,500,000,000 Shares to HK\$35,000,000 divided into 3,500,000,000 Shares by creating an additional 2,000,000,000 unissued Shares.

General:

An independent board committee has been established by the Company to advise the Independent Shareholders on the terms of the Open Offer and the Whitewash Waiver and Oriental Patron Asia Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Open Offer and the Whitewash Waiver; (ii) letters from the independent board committee of the Company and the independent financial adviser; (iii) financial and other information on the Group; and (iv) the notice convening the SGM will be sent to the Shareholders as soon as possible. If the Independent Shareholders approve the Open Offer, the Whitewash Waiver and the increase in authorized share capital of the Company at the SGM, the Company will then send the Prospectus containing details of the Open Offer to the Qualifying Shareholders and, for information only, to the Excluded Shareholders (if any). Application Forms will also be sent to the Qualifying Shareholders.

Since no excess application for the Offer Shares is available and one of the Underwriters, Profit Key, is wholly owned by Mr. Zhao who is a Director, in accordance with Rule 7.26A (2) of the Listing Rules, the absence of excess application must be specifically approved by the Independent Shareholders at the SGM. The SGM will be held to consider and, if thought appropriate, to approve the Open Offer, the Whitewash Waiver and the increase in authorized share capital of the Company. As at the date of this announcement, Profit Key and parties acting in concert with it were interested in 58,000,000 Shares representing approximately 13.83% of the issued share capital of the Company. Profit Key, Mr. Zhao and parties acting in concert with them and their respective associates and those who are interested in or involved in the Underwriting Agreement will be required to abstain from voting at the SGM to approve the Open Offer and the Whitewash Waiver. The voting on the resolutions to approve the Open Offer and the Whitewash Waiver will be conducted by way of poll.

Suspension and resumption of trading:

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 July 2007 pending the release of announcements relating to the Acquisitions, Open Offer and Whitewash Waiver. The announcement relating to the Acquisitions was published on 20 July 2007. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 25 July 2007.

1. BACKGROUND

Reference is made to the announcement of the Company dated 20 July 2007 regarding, among others, the Acquisitions.

As set out in the Announcement, on 11 July 2007, Profit Key, VC Brokerage, the Company and Mr. Zhao entered into an underwriting agreement pursuant to which Profit Key shall subscribe for, or procure subscription of, part of the underwritten Shares not being taken up before VC Brokerage is required to subscribe for any underwritten Shares. If there remains any underwritten Shares not being taken up after Profit Key's subscription or procurement of subscription in full, VC Brokerage shall subscribe for, or procure subscription of, the remaining underwritten Shares not being taken up. The entering into of such underwriting agreement by Mr. Zhao falls under the definition of "dealing" under Appendix 10 of the Listing Rules. As the announcement relating to the Acquisitions has not been published at the time when Profit Key and Mr. Zhao entered into such underwriting agreement, the parties to the aforesaid underwriting agreement entered into a termination agreement to terminate such underwriting agreement on 20 July 2007.

The Announcement regarding the Acquisitions was published on 20 July 2007 in accordance with the Listing Rules. Profit Key, VC Brokerage, the Company and Mr. Zhao entered into a new underwriting agreement on 24 July 2007 for the purpose of the Open Offer, details of which are set out below.

2. OPEN OFFER

Issue statistics:

| | |
|---|---|
| Basis of the Open Offer | – three Offer Shares for every Share held on the Record Date |
| Number of existing Shares in issue | – 419,392,885.25 Shares |
| Number of Offer Shares | – 1,258,178,655.75 Offer Shares which are fully underwritten |
| Outstanding Share Options | – 850,000 Share Options entitling the holder thereof to subscribe for 850,000 new Shares under the share option scheme of the Company adopted on 4 October 2002. Such holder has undertaken to the Company not to exercise his Share Options prior to the Record Date |
| Enlarged issued share capital upon completion of the Open Offer | – 1,677,571,541 Shares |

The Offer Shares proposed to be provisionally allotted represent:

- (a) 300% of the existing issued share capital of the Company; and
- (b) 75% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

Save for the outstanding Share Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Qualifying Shareholders:

The Company will send the Application Forms for Offer Shares to the Qualifying Shareholders only. To qualify for the Open Offer, Shareholders must, at the close of business on the Record Date, be registered on the register of members of the Company. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer. Shareholders having an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer, only if the Board, after making relevant enquiry regarding the legal restrictions under the laws of the

relevant place or the requirement of the relevant regulatory body or stock exchange in that place pursuant to Rule 13.36(2)(a) of the Listing Rules, considers that it would not be necessary or expedient to exclude the Open Offer to these Shareholders. Please also refer to the paragraph headed "Rights of Excluded Shareholders (if any)" below for details.

In order to be registered as members on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant share certificates) with the Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on a date to be announced by the Company in due course.

The Record Date and the dates for the closure of the register of members of the Company will be announced by the Company in due course. No transfer of Shares will be registered during this period.

The invitation to apply for Offer Shares will not be transferable and there will be no trading in nil-paid entitlements on the Stock Exchange and the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured allotments.

Subscription Price:

HK\$0.17 per Offer Share, payable in full on application. The Subscription Price represents:–

- (i) a discount of approximately 76.1% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on 10 July 2007 (being the last trading day before the date of this announcement);
- (ii) a discount of approximately 44.3% to the theoretical ex-entitlement price of HK\$0.305 per Share based on the aforesaid closing price per Share; and
- (iii) a discount of approximately 76.4% to the average of the closing prices of the Shares for the 10 trading days ended on 10 July 2007 of approximately HK\$0.72.

The subscription price for Offer Shares has been determined based on arm's length negotiations between the Company and the Underwriters with reference to prevailing market prices of Shares and the fundamentals of the Group. The Directors (excluding independent non-executive Directors) consider that the terms of the Underwriting Agreement are fair and reasonable and the discount of the Subscription Price as compared to the recent market prices would encourage Shareholders to participate in the Open Offer and the future growth of the Company. The view of the independent non-executive Directors will be included in the circular of the Company regarding the Open Offer to be despatched to the Shareholders.

Status of Offer Shares:

When allotted and issued fully paid, Offer Shares will rank pari passu in all respects with the existing Shares. Holders of Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of issue of Offer Shares.

Rights of the Excluded Shareholders (if any):

If at the close of business on the Record Date a Shareholder's address on the Company's register of members is in a place outside Hong Kong, that Shareholder may not take part in the Open Offer as documents to be issued in connection with the Open Offer will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda. The invitation to apply for Offer Shares to an Excluded Shareholder may, without compliance with specific formalities in the place of residence of such Excluded Shareholder, be unlawful or impracticable. Accordingly, the Excluded Shareholders will not be invited to participate in the Open Offer. The Company will send the Prospectus to the Excluded Shareholders for their information only. The Company will not send the Application Forms for Offer Shares to the Excluded Shareholders.

No application for excess Offer Shares:

After arm's length negotiation with the Underwriters, the Company decided that the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements. The Company considers that the administrative costs would be lowered without the excess application.

Application for listing:

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, Offer Shares. Dealings in Offer Shares on the Hong Kong branch register of members will be subject to the payment of stamp duty in Hong Kong.

UNDERWRITING AGREEMENT DATED 24 JULY 2007

Pursuant to the Underwriting Agreement, Profit Key shall subscribe for, or procure subscription of, up to 629,089,327.75 Underwritten Shares not being taken up before VC Brokerage is required to subscribe for any Underwritten Shares. If there remains any Underwritten Shares not being taken up after Profit Key's subscription or procurement of subscription in full, VC Brokerage shall subscribe for, or procure subscription of, the remaining Underwritten Shares not being taken up.

Profit Key is an investment holding company wholly owned by Mr. Zhao Qing Ji. Mr. Zhao was appointed as an executive Director in November 2006 and as Chairman of the Company in January 2007.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, VC Brokerage is a third party independent of the Company and its connected persons.

As at the date of this announcement, neither Profit Key nor Mr. Zhao holds any Shares and VC Brokerage does not beneficially hold any Shares.

Commission and other payment:

The Company will pay to the Underwriters an underwriting commission at 2.5% of the aggregate Subscription Price of the number of Offer Shares underwritten by the Underwriters. The aggregate underwriting commission will be approximately HK\$5.3 million.

Termination of the Underwriting Agreement:

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of any one of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriters is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the this announcement, the circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriters shall be entitled severally (and not jointly nor on a joint and several basis) by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If any of the Underwriters terminates the Underwriting Agreement, the Open Offer will not proceed. The obligations of all parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

CONDITIONS OF THE UNDERWRITING AGREEMENT

The obligations of the Underwriters under the Underwriting Agreement are conditional, among other things, on the following conditions:

- (i) the passing by the Independent Shareholders at the SGM of an ordinary resolution (such vote shall be taken by way of poll) to approve:
 - (a) an increase in the authorized share capital of the Company from HK\$15,000,000 divided into 1,500,000,000 Shares to HK\$35,000,000 divided into 3,500,000,000 Shares by creating an additional 2,000,000,000 unissued Shares;
 - (b) the Open Offer; and
 - (c) the Whitewash Waiver;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (iii) the Executive granting the Whitewash Waiver;
- (iv) the delivery to the Stock Exchange for authorization on and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorized in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the posting date of the Prospectus Documents;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose;
- (vi) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares by the Latest Time of Termination or such later time as the Underwriters may agree with the Company in writing;

(vii) the filing with the Registrar of Companies in Bermuda one copy of each of the Prospectus Documents duly signed by either all Directors or one of the Directors for and on behalf of all the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Companies Act on or before the posting date of the Prospectus Documents; and

(viii) compliance with and performance of the undertaking by holder of the Share Options.

None of the above conditions is capable of being waived. If the conditions to the Underwriting Agreement are not fulfilled on the dates as specified in the Underwriting Agreement (or such later date or dates as the Underwriters may agree with the Company in accordance with its terms), the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. **The Open Offer is subject to the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The Open Offer and the Underwriting Agreement are inter-conditional.**

WARNING OF THE RISKS OF DEALING IN SHARES

If any one of the Underwriters terminates the Underwriting Agreement, or the conditions of the Underwriting Agreement are not fulfilled, the Open Offer will not proceed.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

SHAREHOLDING IN THE COMPANY

The following is a summary of the shareholding of the Company before and after the completion of the Open Offer:

| Shareholders | As at the date of this announcement and prior to the Open Offer | | Upon completion of the Open Offer | | | |
|--|---|---------------|--|---------------|--|---------------|
| | <i>Number of Shares</i> | <i>%</i> | <i>Number of Shares (Note a)</i> | <i>%</i> | <i>Number of Shares (Note b)</i> | <i>%</i> |
| Win Channel Investments Limited (Note c, e) | 65,000,000.00 | 15.50 | 260,000,000 | 15.50 | 65,000,000.00 | 3.87 |
| Easy Huge Holdings Limited (Note d, e) | 48,000,000.00 | 11.45 | 192,000,000 | 11.45 | 48,000,000.00 | 2.86 |
| Profit Key (Note f) | – | – | – | – | 629,089,327.75 | 37.50 |
| Pan Chien Pu (Note e, f, g) | 58,000,000.00 | 13.83 | 232,000,000 | 13.83 | 58,000,000.00 | 3.46 |
| Profit Key and parties acting in concert with it | 58,000,000.00 | 13.83 | 232,000,000 | 13.83 | 687,089,327.75 | 40.96 |
| Subscribers procured by the sub-underwriters procured by VC Brokerage (Note e) | – | – | – | – | 629,089,328.00 | 37.50 |
| Other public Shareholders | 248,392,885.25 | 59.22 | 993,571,541 | 59.22 | 248,392,885.25 | 14.81 |
| Total | <u>419,392,885.25</u> | <u>100.00</u> | <u>1,677,571,541</u> | <u>100.00</u> | <u>1,677,571,541.00</u> | <u>100.00</u> |
| Total public Shareholders | <u>248,392,885.25</u> | <u>59.22</u> | <u>993,571,540</u> | <u>59.22</u> | <u>1,048,482,213.25</u> | <u>62.50</u> |
| | | | | | (Note e) | |

Notes:

- a) Assuming that all Shareholders take up their entitlements under the Open Offer.
- b) Assuming no Shareholders take up their entitlements under the Open Offer and all the Underwritten Shares are taken up by the Underwriters.
- c) Win Channel Investments Limited is wholly owned by Mr. Chim Pui Chung.
- d) Easy Huge Holdings Limited is wholly owned by Mr. Ng Kin Wah.
- e) Win Channel Investments Limited, Ms. Pan Chien Pu and Easy Huge Holdings Limited will be treated as public Shareholders as long as their respective shareholding in the Company is below 10%. The subscribers procured by the sub-underwriters procured by VC Brokerage are public Shareholders and it is expected that no such subscribers will become substantial Shareholders as a result of the Open Offer.
- f) Profit Key is wholly owned by Mr. Zhao, who is an executive Director and Chairman of the Company. Mr. Zhao and Ms. Pan Chien Pu are parties acting in concert.
- g) The figures are for illustration purpose only. Ms. Pan Chien Pu does not intend to take up her assured entitlements under the Open Offer.

Pursuant to the Underwriting Agreement, VC Brokerage will use all reasonable endeavours (exercising due care and making reasonable enquiries) to ensure that the subscribers procured by VC Brokerage and their ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and the connected persons of the Company, and not acting in concert with Profit Key or its associates (as defined in the Takeovers Code), or the connected persons of the Company.

VC Brokerage has sub-underwritten all its Underwritten Shares to more than six sub-underwriters. Such sub-underwriters are third parties independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates, and not acting in concert with Profit Key or its associates (as defined in the Takeovers Code). It is also expected that none of such sub-underwriters, by taking up their sub-underwritten commitments in full, will become a substantial shareholder of the Company immediately following the completion of the Open Offer.

WHITEWASH WAIVER

As at the date of the Underwriting Agreement, Profit Key and parties acting in concert with it were interested in 58,000,000 Shares representing approximately 13.83% of the issued share capital of the Company. In the event that Profit Key is required to subscribe for all the 629,089,327.75 Offer Shares being underwritten on its part, Profit Key and parties acting in concert with it will become interested in a total of 687,089,327.75 Shares, representing approximately 40.96% of the issued share capital of the Company as enlarged by the Open Offer. Profit Key and parties acting in concert with it will then be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code. An application

will be made to the Executive by Profit Key for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the Independent Shareholders taken by way of a poll at the SGM.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be obtained. **If the Whitewash Waiver is not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.**

Profit Key and parties acting in concert with it have not dealt in the Shares or other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares in the six-month period immediately prior to the date of this announcement.

An independent board committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Open Offer and the Whitewash Waiver. Oriental Patron Asia Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this regard. Such appointment has been approved by the independent board committee.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group ceased the businesses of manufacture and sale of snap off blade cutters and electronic consumer products in March 2007 and now focuses on properties investment business.

According to the 2007 annual report of the Company, the Group incurred an audited net loss of approximately HK\$29.8 million and HK\$18.6 million respectively for each of the two years ended 31 March 2006 and 2007. Following the disposal of a loss-making group of subsidiaries engaged in snap off blade cutters and electronic consumer products in March 2007, the Group concentrates on properties investment business and actively explores other investment opportunities. As at 31 March 2007, the Group had audited net current assets of approximately HK\$2.0 million and net asset value of approximately HK\$35.9 million.

As set out in the announcement of the Company dated 5 September 2006 and the circular of the Company dated 31 October 2006, the Group acquired the interests in Existing Properties and sale loan at a consideration of HK\$182.5 million (the "Previous Acquisition"). The completion of the Previous Acquisition took place in November 2006. The Existing Properties were pledged to certain banks by their previous owners to secure banking facilities of approximately RMB164 million (equivalent to approximately HK\$168 million) in favour of two independent borrowers pursuant to three mortgage loan agreements. The Board was informed that all mortgage loans granted to aforesaid independent borrowers have been released in July 2007. Upon the release of the mortgages, the Company is required to issue the promissory notes in an aggregate amount of HK\$157.7 million to satisfy the equivalent amount of consideration for the Previous Acquisition. The promissory notes bear an interest rate of 5% per annum. Accordingly, it

is expected that the Company will issue the promissory notes before the end of July 2007. Details of the aforesaid arrangements are set out in the circular of the Company dated 31 October 2006.

Net proceeds of the Open Offer of approximately HK\$207 million is intended to be applied as to approximately HK\$157.7 million for repayment of aforesaid promissory notes and as to approximately HK\$49.3 million for general working capital of the Group. The Directors are of the view that with the recent equity market conditions, it is in the interests of the Company to raise equity capital to strengthen the Group's financial position and enlarge its capital base, and to finance the interest bearing borrowings by equity.

FUND RAISING ACTIVITIES IN PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

3. INCREASE IN AUTHORISED SHARE CAPITAL

To cater for the issue of Offer Shares, the Directors propose to increase the authorized share capital of the Company from HK\$15,000,000 divided into 1,500,000,000 Shares to HK\$35,000,000 divided into 3,500,000,000 Shares by creating an additional 2,000,000,000 unissued Shares

4. SPECIAL GENERAL MEETING

Since no excess application for the Offer Shares is available and one of the Underwriters, Profit Key, is wholly owned by Mr. Zhao who is a Director, in accordance with Rule 7.26A (2) of the Listing Rules, the absence of excess application must be specifically approved by the Independent Shareholders at the SGM. The SGM will be held to consider and, if thought appropriate, to approve the Open Offer and the Whitewash Waiver and the increase in authorized share capital of the Company. As at the date of this announcement, Profit Key and parties acting in concert with it were interested in 58,000,000 Shares representing approximately 13.83% of the issued share capital of the Company. Profit Key, Mr. Zhao and parties acting in concert with them and their respective associates and those who are interested in or involved in the Underwriting Agreement will be required to abstain from voting at the SGM to approve the Open Offer and the Whitewash Waiver. The voting on the resolutions to approve the Open Offer and the Whitewash Waiver will be conducted by way of poll.

5. ADJUSTMENT OF EXERCISE PRICE OF THE SHARE OPTIONS

Subject to the Open Offer becoming unconditional, the exercise price of the Share Options may be required to be adjusted in accordance with their terms as a result of the Open Offer. Further announcement will be made by the Company relating to any required adjustment.

6. GENERAL

The expected timetable for the Open Offer and the associated trading arrangements will be announced by the Company upon despatch of the circular regarding the Open Offer to the Shareholders.

An independent board committee comprising all independent non-executive Directors has been established to consider the terms of the Open Offer and the Whitewash Waiver and advise the Independent Shareholders accordingly. Oriental Patron Asia Limited has been appointed as the independent financial adviser to give an opinion to the independent board committee of the Company and the Independent Shareholders in this respect and such appointment has been approved by the independent board committee. A circular containing, among other things, (i) further details of the Open Offer and the Whitewash Waiver; (ii) letters from the independent board committee of the Company and the independent financial adviser; (iii) financial and other information on the Group; and (iv) the notice convening the SGM will be sent to the Shareholders as soon as possible. If the Independent Shareholders approve the Open Offer, the Whitewash Waiver and the increase in authorized share capital of the Company at the SGM, the Company will then send the Prospectus containing details of the Open Offer to the Qualifying Shareholders and, for information only, to the Excluded Shareholders (if any). Application Forms will also be sent to the Qualifying Shareholders.

7. SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 July 2007 pending the release of announcements relating to the Acquisitions, Open Offer and Whitewash Waiver. The announcement relating to the Acquisitions was published in 20 July 2007. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 25 July 2007.

TERMS USED IN THE ANNOUNCEMENT

In this announcement, the following terms have the following meanings:

| | |
|-----------------------|---|
| “Acquisitions” | the proposed acquisitions of the three commercial properties in Shanghai from independent third parties, details of which are set out in the Announcement |
| “acting in concert” | has the meaning given to it in the Takeovers Code |
| “Announcement” | the announcement of the Company dated 20 July 2007 regarding, among others, the Acquisitions |
| “Application Form(s)” | application form(s) to be used by the Qualifying Shareholders to apply for Offer Shares |
| “associate(s)” | has the meaning given to it in the Listing Rules unless otherwise stated |
| “Board” | board of Directors |
| “Companies Act” | The Companies Act 1981 of Bermuda |
| “Companies Ordinance” | the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) |

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| “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 |
| “connected persons” | has the meaning ascribed to it under the Listing Rules |
| “Directors” | directors of the Company |
| “Excluded Shareholders” | Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors consider it necessary or expedient not to offer the Offer Shares to such shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC an any delegate of the Executive Director |
| “Existing Properties” | properties of (i) unit Nos, 201 and 202 on the mezzanine level, Yun Hai Building, Nos. 1329 and 1331 Huai Hai Zhong Road, Xuhui District, Shanghai, the PRC; and (ii) whole of basement level one and ground level, Nos. 277 and 289 Lan Xi Road, Putuo District, Shanghai, the PRC, held by the Group |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Shareholders” | Shareholders other than Profit Key, Mr. Zhao and parties acting in concert with them (including Ms. Pan Chien Pu) and their respective associates and those who are interested in or involved in the Underwriting Agreement |
| “Latest Time for Termination” | 4:00 p.m. on the third business day after the latest time for acceptance of, and payment for, the Offer Shares or such later time or date as may be agreed between the Company and the Underwriters |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Zhao” | Mr. Zhao Qing Ji, the executive Director and Chairman of the Company |
| “Offer Share(s)” | the new Share(s) proposed to be offered to the Qualifying Shareholders to subscribe for pursuant to the Open Offer |

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| “Open Offer” | the proposed issue of Offer Shares to the Qualifying Shareholders on the basis of three Offer Shares for every Share held on the Record Date on the terms to be set out in the Prospectus Documents and summarized herein |
| “PRC” | the People’s Republic of China |
| “Profit Key” | Profit Key Group Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Zhao Qing Ji, an executive Director and Chairman of the Company |
| “Prospectus” | the prospectus to be despatched to Shareholders in connection with the Open Offer |
| “Prospectus Documents” | the Prospectus and the Application Form |
| “Qualifying Shareholders” | the persons shown on the register of members of the Company on the Record Date, other than the Excluded Shareholders (if any) |
| “Record Date” | being the date by reference to which entitlements under the Open Offer will be determined, which will be announced by the Company in due course |
| “Registrar” | Tricor Secretaries Limited, the Company’s branch share registrar in Hong Kong |
| “SFC” | Securities and Futures Commission of Hong Kong |
| “SGM” | the special general meeting of the Company to be convened to approve the Open Offer, the Whitewash Waiver and the increase in authorized share capital of the Company |
| “Shareholder(s)” | holder(s) of Shares |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Share Options” | the 850,000 share options granted to the eligible participant under the share option scheme of the Company adopted on 4 October 2002 conferring the holders thereof rights to subscribe in cash for new Shares at an exercise price determined in accordance with the scheme |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.17 per Offer Share pursuant to the Open Offer |

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| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Underwriters” | Profit Key and VC Brokerage |
| “Underwriting Agreement” | the underwriting agreement dated 24 July 2007 entered into among the Underwriters, the Company and Mr. Zhao as guarantor in relation to the underwriting of the Open Offer |
| “Underwritten Shares” | the total number of Offer Shares which Shareholders are entitled pursuant to the Open Offer, being 1,258,178,655.75 Offer Shares |
| “VC Brokerage” | VC Brokerage Limited, a licensed corporation to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being one of the Underwriters of the Open Offer |
| “Whitewash Waiver” | a waiver of the obligation of Profit Key and parties acting in concert with it to make a mandatory offer for all the Shares not already owned or agreed to be acquired by them under Note 1 to Dispensations from Rule 26 of the Takeovers Code as a result of fulfillment of the obligations under the Underwriting Agreement |
| “HK\$” | Hong Kong dollars |
| “%” | per cent. |

This announcement contains translation between RMB and HK\$ at RMB1.00 = HK\$1.026. The translation should not be taken as a representation that the relevant currency could actually be converted into HK\$ at that rate or at all.

By Order of the Board
NORTHERN INTERNATIONAL HOLDINGS LIMITED
Mr. Zhao Qing Ji
Chairman

Hong Kong, 24 July 2007

* *For identification purpose only*

As at the date of this announcement, Mr. Zhao Qing Ji, Mr. Au Tat On and Mr. Lu Xiao Dong are the executive Directors; and Mr. Cheng Kwok Hing, Andy, Mr. Yeung Yuen Hei and Ms. Chan Mei Bo, Mabel are the independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.