

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**北方興業控股有限公司\***  
**NORTHERN INTERNATIONAL HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 736)

**ISSUE OF NEW SHARES PURSUANT TO GENERAL MANDATE  
AND  
RESUMPTION OF TRADING**

**FINANCIAL ADVISOR TO NORTHERN INTERNATIONAL HOLDINGS LIMITED**



**Optima Capital Limited**

On 10 October 2007, the Company entered into the Subscription Agreement with the Subscriber in relation to the Subscription by the Subscriber at a price of HK\$0.43 per Subscription Share of 83,875,000 new Shares.

The Subscription Shares represent approximately 5.0% of the existing issued share capital of the Company and approximately 4.8% of the issued share capital as enlarged by the issue of the Subscription Shares.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and with reference to the prevailing market prices of the Shares. The Subscription Price represents (i) a discount of approximately 18.9% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on 9 October 2007, being the last trading day of the Shares immediately preceding the date of this announcement; (ii) a discount of approximately 6.5% to the average of the closing prices of approximately HK\$0.46 per Share for the last 5 trading days ended on 9 October 2007 and (iii) equivalent to the average of the closing prices of approximately HK\$0.43 per Share for the last 10 trading days ended on 9 October 2007.

The gross proceeds from the Subscription of approximately HK\$36.1 million will be utilized for setting off part of the outstanding amount of HK\$41.5 million under the Promissory Notes.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 10 October 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in its Shares with effect from 9:30 a.m. on 11 October 2007.

On 10 October 2007, the Company entered into the Subscription Agreement with the Subscriber in respect of the Subscription.

## **THE SUBSCRIPTION AGREEMENT DATED 10 OCTOBER 2007**

### **Parties**

- (i) the Company as the issuer of the Subscription Shares; and
- (ii) Mr. Peter D.Xu (徐東先生) as the Subscriber.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is third party independent of the Company and connected persons of the Company, and the Subscriber did not have any previous shareholding interests in the Company.

### **The Subscription Shares**

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for 83,875,000 new Shares, which represents:

- approximately 5.0% of the existing issued share capital of the Company; and
- approximately 4.8% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with all the Shares in issue on the date of completion of the Subscription.

### **General Mandate**

The Subscription Shares will be allotted and issued under the General Mandate which was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 20 June 2007 to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date. As at 20 June 2007, there were 419,392,885.25 Shares in issue. The General Mandate has not been previously utilized prior to the entering into of the Subscription Agreement.

### **Subscription Price**

The Subscription Price is HK\$0.43 per Subscription Share. The Subscription Price was agreed after arm's length negotiations between the Company and the Subscriber and represents:

- a discount of approximately 18.9% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on 9 October 2007, being the last trading day of the Shares immediately preceding the date of this announcement;
- a discount of approximately 6.5% to the average of the closing prices of approximately HK\$0.46 per Share as quoted on the Stock Exchange for the last 5 trading days ended on 9 October 2007; and
- equivalent to the average of the closing prices of approximately HK\$0.43 per Share for the last 10 trading days ended on 9 October 2007.

As discussed under the paragraph headed “Reasons for the Subscription” below, the gross proceeds of approximately HK\$36.1 million from the issue of the Subscription Shares under the Subscription will be used to set off part of Promissory Notes. Taking into account the professional fee incurred in relation to the Subscription of approximately HK\$0.5 million, the net proceeds of the Subscription is approximately HK\$35.6 million and the net price per Subscription Share is approximately HK\$0.42 per Share.

The Directors consider that the Subscription Price, which was negotiated on an arm’s length basis between the Company and the Subscriber with reference to the prevailing market prices of the Shares, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent to the Subscription Agreement**

Completion of the Subscription Agreement is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares.

The Company will apply to the Listing Committee for the approval for the listing of and permission to deal in the Subscription Shares. If the conditions are not fulfilled on or prior to 31 October 2007 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement will terminate.

### **Completion of the Subscription Agreement**

Completion of the Subscription is expected to take place on the third Business Day following the obtaining of the listing approval in respect of the Subscription Shares or such later date as the Company and the Subscriber may agree.

### **REASONS FOR THE SUBSCRIPTION**

The principal activity of the Company is property investments in Hong Kong and the PRC.

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 properties and sale loan at a consideration of HK\$182.5 million (the “Acquisition”). The completion of the Acquisition took place in November 2006. The 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 and the Company has issued the Promissory Notes to the Subscriber, who is the vendor in the Acquisition, in an aggregate amount of HK\$157.7 million to satisfy the equivalent amount of consideration for the Acquisition. The Promissory Notes bear interest at a rate of 5% per annum. Details of the aforesaid arrangements are set out in the circular of the Company dated 31 October 2006.

As set out in the announcement of the Company dated 24 July 2007, the circular of the Company dated 14 August 2007 and the prospectus of the Company dated 3 September 2007 (the “Prospectus”), the Group raised approximately HK\$213.9 million before expense by issuing 1,258,178,655.75 offer shares at a price of HK\$0.17 per offer share by way of open offer (the “Open Offer”). It is stated in the Prospectus that the net proceeds of the Open Offer of approximately HK\$207 million was intended 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. As at the date of this announcement, HK\$116.2 million had been utilized for repayment of Promissory Notes.

Following completion of the Open Offer, the Company approached the Subscriber to repay the Promissory Notes. The Subscriber discussed with the Company the possibility of capitalizing part of the outstanding sum under the Promissory Notes into new Shares. After negotiation with the Subscriber, the Company and the Subscriber, on 10 October 2007, entered into a deed pursuant to which the gross proceeds from the Subscription of approximately HK\$36.1 million will be used for setting off part of the outstanding amount of HK\$41.5 million under the Promissory Notes. The Subscriber also agreed to waive all his past, present and future rights in the interest accrued under the Promissory Notes. As at the date of announcement, the accrued interest under the Promissory Notes was approximately HK\$1.8 million. The Directors are of the view that with the recent equity market conditions, it is in the interests of the Company to utilize equity capital to repay part of the Promissory Notes and reserve the working capital for any opportunistic investment which may be identified by the Group in future.

As a result, the use of proceeds of the Open Offer has been changed. The net proceeds of the Open Offer of approximately HK\$207 million will be used as follows:

- (i) approximately HK\$121.6 million for repayment of Promissory Notes; and
- (ii) approximately HK\$85.4 million for general working capital purpose.

The gross proceeds from the Subscription of HK\$36.1 million will be fully applied to set off part of the outstanding sum under the Promissory Notes, instead of repaying the aforesaid amount by the proceeds from the Open Offer. The Group will repay the remaining outstanding amount of the Promissory Notes of approximately HK\$5.4 million from the proceeds of the Open Offer upon Completion. Taking into account the benefits discussed above, the Directors consider that it is in the interests of the Company and its Shareholders to change the use of proceeds of the Open Offer.

## FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds	Date of mandates granted	Actual use of proceeds up to the date of this announcement
1 December 2006	Subscription of 69,895,000 new shares	Approximately HK\$26.3 million	General working capital	30 August 2006	Fully utilised as intended
20 July 2007	Open offer of 1,258,178,655.75 offer shares on the basis of three offer shares for every share held	Approximately HK\$207.0 million	(i) HK\$157.7 million for repayment of Promissory Notes; and (ii) HK\$49.3 million for general working capital	N/A	As discussed under the paragraph headed "Reasons for the Subscription" above, the use of proceeds of the Open Offer have been changed and as a result, (i) HK\$121.6 million will be used for repayment of Promissory Notes; (ii) HK\$85.4 million will be used as general working capital. As at the date of this announcement, HK\$116.2 million has been utilized for repayment of Promissory Notes; and HK\$85.4 million for general working capital purpose has not been utilized. The unutilized amount is currently deposited in bank.

Save as disclosed above, the Company had not carried out any fund raising exercise or issued any equity securities in the 12-month period immediately preceding the date of this announcement.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and after Completion is as follows:

Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Win Channel Investments Limited (Note 1,4)	65,000,000.00	3.87	65,000,000.00	3.69
Easy Huge Holdings Limited (Note 2,4)	48,000,000.00	2.86	48,000,000.00	2.72
Profit Key Group Limited (Note 3)	562,630,358.75	33.49	562,630,358.75	31.90
Pan Chien Pu (Note 3,4)	58,000,000.00	3.45	58,000,000.00	3.28
The Subscriber (Note 4)	–	–	83,875,000	4.76
Other Public Shareholders	946,192,832.25	56.33	946,192,832.25	53.65
Total	<u>1,679,823,191</u>	<u>100.00</u>	<u>1,763,698,191</u>	<u>100.00</u>
Total public Shareholders	<u>1,117,192,832.25</u>	<u>66.51</u>	<u>1,201,067,832.25</u>	<u>68.10</u>

### Notes:

1. Win Channel Investments Limited is wholly owned by Mr. Chim Pui Chung.
2. Easy Huge Holdings Limited is wholly owned by Mr. Ng Kin Wah.
3. Profit Key is wholly owned by Mr. Zhao Qing Ji, who is an executive Director and Chairman of the Company. Mr. Zhao Qing Ji and Ms. Pan Chien Pu are parties acting in concert.
4. Win Channel Investments Limited, Easy Huge Holdings Limited, Ms. Pan Chien Pu and the Subscriber are treated as public Shareholders as their respective shareholding in the Company is below 10%.

## SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 10 October 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in its Shares with effect from 9:30 a.m. on 11 October 2007.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

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

“Board” the board of Directors

“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“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
“Completion”	completion of the Subscription Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with shares of the Company up to 20% of the issued share capital of the Company pursuant to the ordinary resolution of the Shareholders passed in the annual general meeting of the Company held on 20 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
“PRC”	the People’s Republic of China
“Promissory Notes”	two promissory notes of the Company with aggregate principal amounts of HK\$157.7 million held by the Subscriber
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Peter D.Xu (徐東先生), who is independent of the Company and its connected person (as defined in the Listing Rules)
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	the conditional subscription agreement dated 10 October 2007 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the price of HK\$0.43 per Subscription Share
“Subscription Shares”	83,875,000 new Shares to be issued by the Company pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Northern International Holdings Limited**  
**Mr. Zhao Qing Ji**  
*Chairman*

Hong Kong, 10 October 2007

*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.*

\* *For identification purpose only*