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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)

CHANGE OF USE OF PROCEEDS FROM OPEN OFFER

The Directors would like to announce that the balance of the net proceeds from the Open Offer will not be used as general working capital as previously stated in the Subscription Announcement, but will be used to fund its payment obligations under the Acquisitions.

As set out in the announcement of Northern International Holdings Limited (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 Company.

As set out in the announcement of the Company dated 10 October 2007 (the “Subscription Announcement”) and upon the completion of the subscription of new shares (the “Subscription”), the proceeds from the Subscription of HK\$36.1 million has been utilized for setting off part of the outstanding amount under the promissory notes. 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 would be used as to approximately HK\$121.6 million for repayment of promissory notes and as to approximately HK\$85.4 million for general working capital purpose.

As set out in the announcement of the Company dated 20 July 2007 and the circular dated 14 August 2007, the Company acquired three commercial properties in Shanghai, the PRC at a total consideration of HK\$160,098,000 (the “Acquisitions”). It is intended that the Group will finance the consideration of the Acquisitions principally by bank borrowings. In view of the high interest expense incurred from bank borrowings and the recent upward trend of interest rate, the board of directors of the Company (the “Board”) proposed that the Company will use part of its general working capital to fund part of the payment obligation under the Acquisitions in order to reduce finance cost and not to increase the gearing ratio of the Company.

Accordingly, the proceeds of the Open Offer will be used as follows:

- (i) approximately HK\$121.6 million for repayment of promissory notes (which has been fully utilized as intended);
- (ii) approximately HK\$60.0 million for funding part of the payment obligation under the Acquisitions (which is currently deposited in bank); and
- (iii) approximately HK\$25.4 million for general working capital purpose (HK\$13.4 million has been utilized as intended and the remaining of HK\$12 million is currently deposited in bank).

For the above reasons, the Board believes that it would be in the interests of the Company and its shareholders as a whole to finance part of the consideration of the Acquisitions by net proceeds from the Open Offer.

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

Hong Kong, 24 October 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.