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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)

## **TERMINATION OF THE OPEN OFFER**

The Underwriter purported to serve a notice dated 13 April 2005 on the Company to terminate the Underwriting Agreement. As a result of the failure of the Underwriter to take up the unsubscribed Offer Shares, the Open Offer cannot proceed and has to be terminated. Refund cheques for the application money received under the Open Offer were posted to persons entitled thereto on 15 April 2005 in accordance with the terms of the Open Offer.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 2:50 p.m. on 13 April 2005 pending release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 19 April 2005.

Reference is made to the Company's announcement dated 28 January 2005, the Company's circular dated 4 March 2005 and the Company's prospectus dated 23 March 2005 (the "Prospectus") in relation to the Open Offer. Capitalised terms used herein shall have the same meanings as defined in the Prospectus unless otherwise stated.

### **Termination of the Open Offer**

The Directors announce that on 13 April 2005 the Underwriter purported to serve a notice on the Company to terminate the Underwriting Agreement. By a letter dated 14 April 2005, the Underwriter alleged that "the recent occurrence of certain events, including but not limited to, the recent trend of increase in interest rate, sluggish investing atmosphere in local stock market, and the large fluctuation in the global oil prices thereby dampening the overall global/local economy recovery have made it inexpedient or inadvisable to proceed with the Open Offer". The Company disagrees as such "events" already existed at the date of the Underwriting Agreement and there has not been any material adverse change.

The Company demanded the Underwriter to take up the 3,488,057,218 Offer Shares not subscribed by the Shareholders under the Open Offer and pay the amount due (HK\$69,761,144.36) to the Company on 14 April 2005 in accordance with the Underwriting Agreement. However the Underwriter has failed to do so. In view of the aforesaid failure of the Underwriter, the Open Offer cannot proceed and has to be terminated. Refund cheques for the application money received under the Open Offer were posted to persons entitled thereto on 15 April 2005 in accordance with the terms of the Open Offer.

The Company is seeking legal advice on the necessary actions to be taken against the Underwriter to enforce its rights under the Underwriting Agreement.

In the Prospectus, the Company stated that the estimated net proceeds from the Open Offer would be used for possible investment to be made in order to diversify the Group's business into other businesses so as to broaden its revenue base and earnings potential. The termination of the Open Offer will delay the possible diversification of the business of the Group. The Company has so far incurred expenses of about HK\$1.6 million in connection with the Open Offer, which the Directors consider having an adverse but immaterial effect on the Group's financial position. However, termination of the Open Offer will not have any material effect on the present operation or business of the Group. Save as aforesaid and the costs for possible actions to be taken against the Underwriter to enforce its rights under the Underwriting Agreement, the Company does not expect termination of the Open Offer to have any other material impact on the Group.

Further announcement will be made by the Company as appropriate regarding the claim against the Underwriter.

## **Resumption of trading in Shares**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 2:50 p.m. on 13 April 2005 pending release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 19 April 2005.

By order of the Board  
**Chong Sing Yuen**  
*Chairman*

Hong Kong, 18 April 2005

*\* For identification purposes only*

*As at the date of this announcement, the executive directors of the Company are Messrs. Chong Sing Yuen, Chu Kiu Fat, Wong Siu Keung, Joe, Chong Chun Kwok, Piggy and Chong Chun Hing and the independent non-executive directors are Messrs. Chan Ping Yim, Chan Shun and Cheng Kwok Hing, Andy.*

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