Norstar Founders Group Limited

(Provisional Liquidators Appointed)

北泰創業集團有限公司

(已委任臨時清盤人)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2339)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The board of directors (the "Board") of Norstar Founders Group Limited (Provisional Liquidators Appointed) (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2009 together with the comparative figures for the year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009** ***RMB'000***	2008 *RMB'000* (Restated)
Turnover	*4*	**110,570**	3,886,485
Cost of sales		**(100,737)**	(3,249,713)
Gross profit		**9,833**	636,772
Other income and gains		**19,468**	100,779
Impairment loss recognised on investments in deconsolidated subsidiaries	*12*	**(2,294,119)**	–
Impairment loss recognised on amounts due from deconsolidated subsidiaries	*14*	**(1,628,434)**	–
Net (loss)/gain from change in fair values of derivative financial instruments		**(717,845)**	2,323
Distribution and selling expenses		**(1,356)**	(45,474)
Administrative expenses		**(78,761)**	(82,172)
Finance costs	*7*	**(58,165)**	(84,060)
Share of (loss)/profit of an associate		**(104,553)**	34,514
(Loss)/profit before tax		**(4,853,932)**	562,682
Income tax expense	*8*	**(616)**	(52,801)
(Loss)/profit for the year	*9*	**(4,854,548)**	509,881
		RMB	*RMB*
(Loss)/earnings per share	*11*		
Basic		**(3.85)**	0.40
Diluted		**(3.85)**	0.40

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 RMB'000	2008 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment		**41,578**	979,068
Deposits paid for acquisition of property, plant and equipment		**4,120**	–
Prepaid land lease payments		**–**	55,034
Goodwill		**–**	29,639
Intangible assets		**–**	10,823
Interest in an associate		**330,695**	435,248
Available-for sale investments	*12*	**–**	–
		376,393	1,509,812
Current assets			
Inventories		**–**	62,290
Value-added tax receivable		**–**	75,009
Trade and other receivables	*13*	**48,035**	621,079
Amounts due from deconsolidated subsidiaries	*14*	**36,708**	–
Derivative financial instruments		**–**	4,261
Pledged bank deposits		**–**	15,439
Bank balances and cash		**10,119**	2,782,306
		94,862	3,560,384
Current liabilities			
Trade and other payables	*15*	**749,601**	112,676
Amount due to an associate		**23,981**	1,161
Amount due to directors		**779**	596
Derivative financial instruments		**–**	15,212
Obligation under finance leases		**32,591**	16,858
Unsecured interest-bearing borrowings		**1,392,736**	209,652
Tax payables		**616**	16,297
		2,200,304	372,452
Net current (liabilities)/assets		**(2,105,442)**	3,187,932
Non-current liabilities			
Obligations under finance leases		**–**	20,209
Unsecured interest-bearing borrowings		**–**	1,301,468
		–	1,321,677
		(1,729,049)	3,376,067
Capital and reserves			
Share capital		**132,383**	132,383
Reserves		**(1,861,432)**	3,243,684
		(1,729,049)	3,376,067

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. GENERAL INFORMATION

Norstar Founders Group Limited (Provisional Liquidators Appointed) (the "Company") is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Trading in the shares of the Company has been suspended since 19 January 2009.

The principal activities of the Company and its subsidiaries (collectively referred as the "Group") are the investment holding, manufacturing and sales of auto parts and construction decorative hardware products.

The functional currency of the Company is United States Dollars ("US$"). Since the Group's major operations were located in the PRC, the Group's consolidated financial statements for the prior years were presented in Renminbi ("RMB"). For purpose of consistency, despite the change in operations of the Group during the current year, the consolidated financial statements are presented in RMB.

2. BASIS OF PREPARATION

The following conditions and events indicate material uncertainties relating to the Group's ability to act as a going concern.

(i) Financial results and position

The Group incurred a loss of approximately RMB4,854,548,000 for the year ended 31 March 2009. As at 31 March 2009, the Group had net current liabilities and net liabilities of approximately RMB2,105,442,000 and RMB1,729,049,000 respectively.

(ii) Filing of the petitions

On 19 January 2009, trading in the shares of the Company was suspended (at the request of the Company) following a number of announcements made since late December 2008, in relation to, amongst other matters, the resignation of certain directors and group financial controller of the Company, default in payment by Norstar Automobile Industrial Holding Limited ("NAIH"), a wholly-owned subsidiary of the Company, for treasury losses of approximately HK$44,000,000 and a creditor's claim against the Group in the amount of RMB326,600,000.

On 6 February 2009, a petition to wind up the Company was presented to the High Court of the Hong Kong Special Administrative Region (the "High Court") by Madam Lilly Huang, a major shareholder of the Company, chairman of its board of directors and an executive director of the Company, and subsequently replaced by Century Founders Group Limited. On the same day, a petition to wind up NAIH was also presented to the High Court by Fullitech International Limited ("Fullitech"), the immediate holding company of NAIH and a wholly-owned subsidiary of the Company.

On the same day, the High Court appointed Messrs Lai Kar Yan (Derek), Darach E. Haughey and Yeung Lui Ming (Edmund) of Deloitte Touche Tohmatsu as the joint and several provisional liquidators (the "Provisional Liquidators") of the Company and of NAIH.

(iii) Debt Restructuring

On 8 December 2009, two schemes of arrangement were approved by the respective creditors of the Company (the "NFG Scheme") and NAIH (the "NAIH Scheme") (collectively the "Schemes"). Messrs Lai Kar Yan (Derek), Darach E. Haughey and Yeung Lui Ming (Edmund) of Deloitte Touche Tohmatsu were appointed as the joint and several scheme administrators of each of the Schemes (the "Scheme Administrators"). The Schemes were subsequently sanctioned by the High Court of Hong Kong Special Administrative Region and became effective on 19 March 2010.

NFG Scheme

It is proposed under the NFG Scheme that the indebtedness of the Company will be settled via the following:

(i) A sum of HK$2,000,000 placed with the Company by Mr. Zhou Tian Bao ("Mr. Zhou"), a substantial shareholder of the Company;

(ii) A repayment obligation from the Company in favour of a special purpose company incorporated to facilitate the proposed debt restructuring of NFG under the NFG Scheme (the "NFG SPV") for a fixed sum of HK$200,000,000 under which the Company would repay the said sum within 12 months from the effective date of the NFG Scheme ("NFG Repayment Obligation"); and

(iii) Amounts recoverable from NAIH and Fullitech by way of distribution from the NAIH Scheme.

(i), (ii) and (iii) collectively referred to as the "NFG Scheme Assets".

NAIH Scheme

It is proposed under the NAIH Scheme that the indebtedness of NAIH will be settled via the following:

(i) A total cash payment of HK$15,000,000 (the "NAIH Obligation") made by NAIH to a special purpose company incorporated pursuant to the NAIH Scheme (the "NAIH SPV");

(ii) Net proceeds arising from the disposal of equity interests in four independent third party companies (the "Four Third Party Companies");

(iii) Net cash flow to be generated/net proceeds arising from the following:

    (a) Net cash flow to be generated from Norstar Auto Suspension Manufacturing (Beijing) Inc ("Norstar Suspension"), a former subsidiary of the Company deconsolidated on 1 April 2008, and Profound Global Limited ("Profound"), an associate of the Group, over a period of 5 years in the total amount of HK$1,381,000,000 (plus interest) (the "NAIH Repayment Obligation").

The NAIH Repayment Obligation are secured by the following:

1. A corporate guarantee issued by Fullitech in favour of the NAIH SPV for a sum up to the NAIH Repayment Obligation (the "Fullitech Corporate Guarantee");

2. A corporate undertaking provided by the Company for a sum up to the NAIH Repayment Obligation (the "NFG Undertaking");

3. First legal charge on Mr. Zhou's direct and indirect shareholdings in the Company;

4. Share charge over NAIH's 100% interest in Norstar Automotive Chassis Systems (Anhui) Inc ("Norstar Chassis") for a sum up to the NAIH Repayment Obligation; and

5. Share charge over NAIH's 40% interest in Profound for a sum up to the NAIH Repayment Obligation;

Or

(b) Net proceeds arising from the disposal of Norstar Suspension and 60% shareholding in Profound held by the NAIH SPV.

(iv) Net proceeds arising from the disposal of the equity interests in CX Tech Inc. and Sumitech Engineering Inc., independent third party companies, (collectively the "US Companies"), if such shareholdings are disposed of within 5 years from the effective date of the NAIH Scheme; and

(v) Net proceeds arising from the disposal of Norstar Suspension after full settlement of the NAIH Repayment Obligation.

Further to the above, an alternative mechanism is proposed under the NAIH Scheme, where in the event of a receipt of a lump sum cash offer for all/part of the assets, including shareholding interests in the Four Third Party Companies, Profound and NAIH's shareholding interest in Norstar Chassis together with the discharge of all relevant securities, pledges and undertakings, the Scheme Administrator of NAIH, after the NAIH Scheme becomes effective, may with the consent of the committee (the "Scheme Creditors Committee") of the creditors (the "Scheme Creditors") of the respective Schemes, convene a Scheme Creditors' meeting to consider, and if considered appropriate, resolve to approve such an offer.

As part of the implementation of the NFG Scheme and the NAIH Scheme (both of which became effective on 19 March 2010), the Group's entire equity interests in Norstar Automotive Industries Inc. ("Norstar Automotive BJ"), Norstar Suspension, Oriental New-Tech Limited ("New-Tech") and Smooth Ride International Limited ("Smooth Ride") were transferred to the NAIH SPV or NFG SPV. Norstar Automotive BJ and Norstar Suspension (collectively the "PRC Subsidiaries") were the main operating subsidiaries of the Group prior to their deconsolidation on 1 April 2008.

Further details of the Schemes are set out in the Company's announcements dated 21 October 2009 and 15 December 2009.

Issuance of HK$15,000,000 senior note (the "Senior Note")

To fulfill the NAIH Obligation, the Company, NAIH, the Provisional Liquidators and Omni Success Limited ("OSL" or the "Subscriber") had, on 6 September 2010, entered into a subscription agreement, (the "Subscription Agreement") pursuant to which (i) NAIH has agreed to issue, and the Subscriber has agreed to subscribe for, the Senior Note for an aggregate principal amount of HK$15 million with a maturity term of one year. The Senior Note was issued on 8 September 2010 and the proceed raised was utilised to repay the NAIH Obligation.

The maturity date of the Senior Note has been extended by the parties from 6 September 2011 to 28 February 2013 by way of side letters dated 15 August 2011 and 6 September 2012.

The principal terms of the Senior Note are summarised as follow:

Principal amount:	HK$15,000,000
Interest rate:	HIBOR (3 months) plus 1.05%
Repayment of the principal of the Loan:	All outstanding loan together with all accrued and unpaid interest shall be repaid in one lump sum on the maturity date
Maturity date:	28 February 2013 (as extended by side letters entered to subsequent to the subscription agreement).

Further details of the Senior Note are set out in the Company's announcement dated 5 October 2010.

As of the date of these consolidated financial statements, the NFG Repayment Obligation and the NAIH Repayment Obligation had not been settled. However, after due consideration and having regard to the status of the overall restructuring of the Group, the Scheme Creditors Committee and certain major Scheme Creditors of the respective companies, agreed that for the benefit of the general body of the Scheme Creditors, the Schemes continue to remain in effect.

In view of the above, there are material uncertainties surrounding the Group's ability to continue as a going-concern. However, these consolidated financial statements have been prepared on a going concern basis on the basis that the restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligation as and when they fall due in the foreseeable future.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In current year, the Group has applied the following amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certificate Public Accountants (the "HKICPA").

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation ("INT") 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HK – INT 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand clause

The adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
	Improvements to HKFRSs issued in 2008[3]
	Improvements to HKFRSs issued in 2009[2]
	Improvements to HKFRSs issued in 2010[13]
	Annual Improvements 2009-2011 Cycle[17]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[9]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[12]
	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[14]
	First-time Adoption of Hong Kong Financial Reporting Standards[17]
	Government loans[17]
	Additional Exemptions for First-time Adopters[10]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[10]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
	Disclosures – Transfer of Financial Assets[11]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[17]
HKFRS 8	Operating Segments[3]
HKFRS 9	Financial Instruments[19]
HKFRS 7 and 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[19]
HKFRS 10	Consolidated Financial Statements[17]
HKFRS 11	Joint Arrangements[17]
HKFRS 12	Disclosure of Interests in Other Entities[17]
HKFRS 10, 11 and 12 (Amendments)	Transition Guidance[17]

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interest in Other Entities and Separate Financial Statements: Investment Entities[18]
HKFRS 13	Fair Value Measurement[17]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[16]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[15]
HKAS 19 (Revised)	Employee Benefits[17]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 24 (Revised)	Related Party Disclosures[13]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 27 (Revised in 2011)	Separate Financial Statements[4]
HKAS 28 (Revised in 2011)	Investment in Associates and Joint Ventures[17]
HKAS 32 (Amendments)	Classification of Rights Issues[11]
	Offsetting Financial Assets and Financial Liabilities[18]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HK(IFRIC) – INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[6]
HK(IFRIC) – INT 14	Prepayments of a Minimum Funding Requirement[13]
(Amendment)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction[16]
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – INT 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC) – INT 18	Transfers of Assets from Customers[8]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[12]
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine[17]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers of assets from customers received on or after 1 July 2009
9 Effective for annual periods beginning on or after 1 July 2009
10 Effective for annual periods beginning on or after 1 January 2010
11 Effective for annual periods beginning on or after 1 February 2010
12 Effective for annual periods beginning on or after 1 July 2010
13 Effective for annual periods beginning on or after 1 January 2011
14 Effective for annual periods beginning on or after 1 July 2011
15 Effective for annual periods beginning on or after 1 January 2012
16 Effective for annual periods beginning on or after 1 July 2012
17 Effective for annual periods beginning on or after 1 January 2013
18 Effective for annual periods beginning on or after 1 January 2014
19 Effective for annual periods beginning on or after 1 January 2015

4. TURNOVER

Turnover represents revenue arising from manufacturing, sale and trading of auto parts and construction decorative hardware products for the year. An analysis of the Group's revenue for the year is as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Auto parts	**23,758**	3,493,584
Construction decorative hardware products	**86,812**	392,901
	110,570	3,886,485

5. SEGMENT INFORMATION

Primary reporting format – geographical segments

The Group operates within one geographical segment in the People's Republic of China (the "PRC"). All segment assets, liabilities and capital expenditure are located in the PRC and therefore no geographical segments are presented, except for the segment revenue and segment results. Segment revenue and segment results are presented based on the geographical location of customers.

Secondary reporting format – business segments

The Group's business is mainly categorised into two business segments:

– Auto parts; and

– Construction decorative hardware products.

(i) Primary reporting format – geographical segments

For the year ended 31 March 2009

	United States	Canada	Europe	The PRC and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	108,969	–	1,601	–	110,570
Segment results	10,013	–	160	–	10,173
Impairment loss recognised on investments in deconsolidated subsidiaries					(2,294,119)
Impairment loss recognised on amounts due from deconsolidated subsidiaries					(1,628,434)
Finance costs					(58,165)
Share of loss of an associate					(104,553)
Net loss arising from change in fair value of derivative financial instruments					(717,845)
Unallocated income					7,209
Unallocated expenses					(68,198)
Loss before tax					(4,853,932)

For the year ended 31 March 2008 (Restated)

	United States	Canada	Europe	The PRC and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	1,537,055	918,955	787,470	643,005	3,886,485
Segment results	250,124	158,035	130,723	97,890	636,772
Finance costs					(85,831)
Share of profit of an associate					34,514
Net loss arising from change in fair value of derivative financial instrument					2,323
Unallocated income					100,779
Unallocated expenses					(125,875)
Profit before tax					562,682

(ii) Secondary reporting format – business segments

For the year ended 31 March 2009

	Revenue *RMB'000*	Segment assets *RMB'000*	Capital expenditure *RMB'000*
Auto parts	**23,758**	**73,335**	**7,051**
Construction decorative hardware products	**86,812**	**–**	**–**
	110,570	**73,335**	**7,051**
Unallocated		**397,920**	**136**
		471,255	**7,187**

For the year ended 31 March 2008

	Revenue *RMB'000*	Segment assets *RMB'000*	Capital expenditure *RMB'000*
Auto parts	3,493,584	1,403,671	212,537
Construction decorative hardware products	392,901	78,774	–
	3,886,485	1,482,445	212,537
Unallocated		3,587,751	7,488
		5,070,196	220,025

6. DECONSOLIDATION OF SUBSIDIARIES

The directors of the Company considered that the Group's control over the PRC Subsidiaries was lost since 1 April 2008. As such, all assets and liabilities, results of operations and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since 1 April 2008. Upon deconsolidation of the PRC Subsidiaries, the net asset value of the PRC Subsidiaries of approximately RMB2,294,119,000 as at 1 April 2008 was recorded as the cost of investments in the PRC Subsidiaries and the investments were classified as available-for-sale investments.

Net assets of the PRC Subsidiaries as at 1 April 2008 deconsolidated were as follows:

	RMB'000
Property, plant and equipment	941,888
Prepaid land lease payments	55,034
Goodwill	29,639
Intangible assets	10,823
Inventories	62,290
Trade and other receivables	577,050
Value-added tax receivables	75,009
Bank and cash balances	2,582,035
Trade and other payables	(64,860)
Unsecured interest-bearing borrowings	(150,000)
Tax payables	(16,297)
Gross amounts due from the PRC Subsidiaries to the Group	(1,628,434)
Net assets deconsolidated	2,474,177
Release of foreign currency translation reserve	(180,058)
Investments in the PRC Subsidiaries classified as available-for-sale investments	2,294,119
Net cash outflow from deconsolidation of subsidiaries	2,582,035

7. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Interest on:		
– Borrowing wholly repayable within five years	**56,428**	79,803
– Obligations under finance leases	**1,737**	2,052
Effective interest on convertible bonds	**–**	2,205
	58,165	84,060

8. INCOME TAX EXPENSE

Income tax expense included in the consolidated income statement is comprised of:

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
PRC Enterprise Income Tax	**616**	52,801

9. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived after charging:

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Cost of inventories sold	**100,737**	3,249,713
Depreciation of property, plant and equipment	**1,429**	71,847
Property, plant and equipment written off	**–**	1,117
Loss on disposals of property, plant and equipment	**334**	4,615
Impairment loss recognised in respect of trade receivables	**11,472**	–
Amortisation of intangible assets (included in administrative expenses)	**–**	1,033

10. DIVIDEND

No final dividend was proposed by the directors of the Company in respect of the year ended 31 March 2009, nor has any dividend been proposed since the balance sheet date.

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(4,854,548)**	509,881
Finance costs saving on exercise of convertible bonds	**–**	2,205
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(4,854,548)**	512,086
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,259,461,601**	1,257,183,851
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**–**	11,964,111
– Share options	**–**	117,722
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,259,461,601**	1,269,265,684

Trading in the shares of the Company had been suspended since 19 January 2009. The computation of diluted loss per share for the year ended 31 March 2009 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the period from 1 April 2008 to 19 January 2009 and the market price for shares immediately before the suspension of trading in the Company's shares.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Unlisted equity investments in the PRC, at cost	**2,294,119**	–
Impairment	**(2,294,119)**	–
	–	–

During the year, the directors of the Company carried out an impairment assessment on the available-for-sale investments and recognised, an impairment loss of approximately RMB2,294,119,000 in the consolidated income statement.

13. TRADE AND OTHER RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Trade receivables (net of impairment)	**30,517**	512,242
Dividend receivable	**–**	10,808
Prepayments and other receivables	**17,518**	98,029
Trade and other receivables	**48,035**	621,079

Trade receivables

The ageing analysis of trade receivables, net of impairment, presented based on the invoice date at the end of the reporting period is as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
0 – 90 days	**–**	508,394
91 – 180 days	**13,244**	3,464
181 – 365 days	**17,253**	364
Over 365 days	**20**	20
	30,517	512,242

14. AMOUNTS DUE FROM DECONSOLIDATED SUBSIDIARIES

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Amounts due from deconsolidated subsidiaries	**1,665,142**	–
Less: Impairment	**(1,628,434)**	–
Amounts due from deconsolidated subsidiaries (net of impairment)	**36,708**	–

15. TRADE AND OTHER PAYABLES

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Trade payables	**11,143**	48,059
Accruals and other payables	**54,154**	62,116
Payable arising from terminations of derivative financial instruments	**684,304**	–
VAT payables	**–**	2,501
Trade and other payables	**749,601**	112,676

Trade payables

The following is an ageing analysis of trade payable presented based on the invoice date at the balance sheet date.

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
0 – 90 days	**7,398**	39,168
91 – 180 days	**885**	6,812
181 – 365 days	**1,100**	1,625
Over 365 days	**1,760**	454
	11,143	48,059

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

Basis of disclaimer of opinion

During the course of our audit of the Group's consolidated financial statements for the year ended 31 March 2009, we encountered significant scope limitations in respect of various areas as set out below:

1. Opening balances and corresponding figures

We were appointed as auditor of the Company on 27 January 2010 to report on the consolidated financial statements of the Group for the year ended 31 March 2009. The consolidated financial statements of the Group for the year ended 31 March 2008 were audited by another auditor who expressed an unqualified opinion on those statements on 12 June 2008. As detailed in note 11 to the consolidated financial statements, the Group's control over certain subsidiaries (the "PRC Subsidiaries") was lost since 1 April 2008, we have not been able to carry out satisfactory audit procedures in relation to the opening balances as at 31 March 2008 to satisfy ourselves if the opening balances as at 1 April 2008 contain misstatements that materially affect the consolidated financial statements for the year ended 31 March 2009.

2. Amounts due to directors and an associate and obligations under finance leases

As stated in notes 29 and 30 to the consolidated financial statements, the Group had amounts due to directors and an associate and obligations under finance leases of approximately RMB779,000, approximately RMB23,981,000 and approximately RMB32,591,000 as at 31 March 2009 respectively.

We have not been able to obtain direct audit confirmations in respect of the aforesaid balances and no sufficient evidence has been provided to satisfy ourselves as to the completeness and existence of the aforesaid balances as at 31 March 2009. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to whether the aforesaid balances are fairly stated as at 31 March 2009.

3. Deconsolidation of subsidiaries

As further explained in notes 2 and 6 to the consolidated financial statements, the PRC Subsidiaries of the Company were deconsolidated since 1 April 2008. However, the assets and liabilities, results of operations and cash flows of the PRC Subsidiaries were consolidated when the Group prepared its unaudited interim results for the six months ended 30 September 2008 dated 29 December 2008.

Furthermore, upon deconsolidation of the PRC Subsidiaries on 1 April 2008, the Group recorded investments in the PRC Subsidiaries at a deemed cost of approximately RMB2,294,119,000, being the consolidated net assets value of the PRC Subsidiaries as at 1 April 2008, and gross amounts due from the PRC Subsidiaries to the Group of approximately RMB1,628,434,000. As at 31 March 2009, the Group had gross amounts due from the PRC Subsidiaries of approximately RMB1,665,142,000 (before accumulated impairment loss of RMB1,628,434,000). Impairment loss on investments in and amounts due from the PRC Subsidiaries of approximately RMB2,294,119,000 and approximately RMB1,628,434,000 were recognised in the consolidated income statement during the year ended 31 March 2009.

We have not been able to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to whether:

i) the Group lost control over the PRC Subsidiaries on 1 April 2008; and

ii) it was appropriate to deconsolidate the assets and liabilities and cease to record the results of operations and cash flows of the PRC Subsidiaries from the consolidated financial statements of the Group since 1 April 2008.

Had our auditor's opinion not qualified in respect of the date the Group lost control over the PRC Subsidiaries, our auditor's opinion would have been qualified for limitation of our scope in determining if the investments in the PRC Subsidiaries of approximately RMB2,294,119,000 was fairly stated.

In addition, no financial information of the PRC Subsidiaries were made available to us and we have not been able to satisfy ourselves that the impairment loss recognised on the investments in the PRC Subsidiaries of approximately RMB2,294,119,000 for the year ended 31 March 2009 was fairly stated.

Further, we have not been able to obtain direct audit confirmation in respect of certain of the amounts due from the PRC Subsidiaries of approximately RMB1,358,159,000 and RMB1,310,472,000 as at 1 April 2008 and 31 March 2009 respectively. Therefore, we have not been able to satisfy ourselves that the impairment loss recognised on amounts due from the PRC Subsidiaries of approximately RMB1,628,434,000 for the year ended 31 March 2009 was fairly stated.

4. *Impairment of trade receivables*

As stated in note 26 to the consolidated financial statements, the Group had net trade receivables of approximately RMB30,517,000 as at 31 March 2009 for which no subsequent settlement was noted up to the date of this report. We have not been able to obtain sufficient evidence to evaluate the recoverability of these trade receivables. There was no practical alternative audit procedures that we could perform to satisfy ourselves that the trade receivables were fairly stated as at 31 March 2009.

5. Interest in an associate

As stated in note 23 to the consolidated financial statements, the Group had interest in an associate, Profound Global Limited ("Profound"), of approximately RMB330,695,000 as at 31 March 2009. In addition, the Group recorded share of loss of Profound of approximately RMB104,553,000 for the year ended 31 March 2009.

No sufficient evidence has been received by us up to the date of this report to verify the financial information of Profound. Accordingly, we have not been able to satisfy ourselves that the carrying amount of interest in Profound as at 31 March 2009, the Group's share of loss of Profound for the year ended 31 March 2009 and the related note disclosures included in the consolidated financial statements were fairly stated.

6. Prepayments and other receivables

As stated in note 26 to the consolidated financial statement, the Group had prepayments and other receivables of approximately RMB17,518,000 as at 31 March 2009. We have not been able to obtain direct audit confirmations in relation to the aforesaid balances and no sufficient evidence has been provided to satisfy ourselves as to the ownership, completeness, existence and valuation of these balances as at 31 March 2009.

Accordingly, we have not been able to satisfy ourselves that prepayments and other receivables of the Group of approximately RMB17,518,000 as at 31 March 2009 are fairly stated. Also, we have not been able to verify whether there were any outstanding commitments in relation to the Group's prepayment and other receivables which need to be accounted for or disclosed in the consolidated financial statements.

7. Impairment of property, plant and equipment

As stated in note 19 to the consolidated financial statements, the directors of the Company had performed an impairment assessment on the Group's property, plant and equipment and concluded that there was no impairment over the Group's property, plant and equipment with a carrying amount of approximately RMB41,578,000 as at 31 March 2009. We have not been able to perform satisfactory audit procedures to verify the recoverable amount of property, plant and equipment as at 31 March 2009 and accordingly cannot satisfy ourselves whether any impairment loss should be recognised for the year ended 31 March 2009 in accordance with Hong Kong Accounting Standard ("HKAS") 36 "Impairment of Assets".

8. Related party transactions and balances

No disclosure of related party transactions have been made in the consolidated financial statements. We have not been able to satisfy ourselves as to the completeness of the disclosures of related party transactions and balances for the year ended 31 March 2009 as required by HKAS 24 (Revised) "Related Party Disclosures".

9. Commitments and contingent liabilities

As further detailed in paragraphs 3 and 6 above, we have not been able to satisfy ourselves whether the PRC Subsidiaries should be deconsolidated from the Group's consolidated financial statements and whether there were any outstanding commitments in relation to the Group's prepayments and other receivables as at 31 March 2009 respectively. Therefore, we have not been able to satisfy ourselves as to the existence and completeness of commitments and contingent liabilities of the Group as at 31 March 2009.

10. Directors' emoluments

We have not been able to obtain direct audit confirmations from certain directors and sufficient audit evidence to satisfy ourselves as to whether the directors' emoluments for the year ended 31 March 2009 were fairly stated. Hence, we have not been able to determine whether the disclosures of directors' emoluments set out in note 15 to the consolidated financial statements are appropriate and comply with the disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Companies Ordinance.

Any adjustments that are found necessary in relation to the matters described in points 1 to 10 above might have a significant consequential effect on the Group's net liabilities/assets as at 31 March 2009 and 31 March 2008 and results, equity and cash flow for the year ended 31 March 2009 and 31 March 2008 and the related disclosures thereof in the consolidated financial statements for the year ended 31 March 2009.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY THE FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs above, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. Except for the matter described in point 10 above, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which states that the Group incurred a loss of approximately RMB4,854,548,000 for the year ended 31 March 2009. The Group also had net current liabilities and net liabilities of approximately RMB2,105,442,000 and approximately RMB1,729,049,000 respectively as at 31 March 2009. These condition, along with other matters as set out in note 2 to the consolidated financial statements of the Group, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

During the financial year ended 31 March 2009 ("FY2009"), the Group is principally engaged in the manufacturing, sale and trading of auto parts and construction decorative hardware products.

During FY2009, the Group recorded a turnover from sale and trading of auto parts of approximately RMB110 million, representing a decrease of approximately 97% from the turnover recorded for the financial year ended 31 March 2008 ("FY2008") of approximately RMB3,886 million. Gross profit margin decreased from approximately 16.4% in FY2008 to approximately 8.9% in FY2009. The loss attributable to owners of the Group was approximately RMB4,855 million for FY2009, as compared to a gain of approximately RMB510 million for FY2008.

The decrease in turnover is mainly due to the deconsolidation of the results of operations of certain subsidiaries, whereas the net loss for FY2009 was mainly attributable to the recognition of impairment loss in respect of investments and amounts due from the said deconsolidated subsidiaries and net loss from change in fair values of derivative financial instruments.

Liquidity And Financial Resources

As at 31 March 2009, bank balances and cash of the Group were approximately RMB10 million (FY2008: RMB2,782 million).

The Group's gearing ratio (measured as total borrowings over total assets) as at 31 March 2009 was 296% (FY2008: 4%).

Capital Structure

There was no change in the Company's share capital during the year.

Capital Commitments

The Group and the Company had the following capital commitment:

	2009	2008
	RMB'000	*RMB'000*
Capital expenditure in respect of the acquisition of the following items contracted for but not provided for in the consolidated financial statements:		
– machinery and equipment	**1,373**	52,020
– construction in progress	**–**	88,717
– license fee of production technology	**–**	1,753
	1,373	142,490

Contingent Liabilities

The Group and the Company did not have any significant contingent liabilities as at 31 March 2009 and 2008.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2009, the interests and short positions of the directors of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

	Number of shares held				
Name of director	**Personal interest**	**Corporate interest**	**Total**	**Underlying shares of outstanding share options**	**Approximate aggregate percentage of interests** *(Note 3)*
Ms. Lilly Huang *(Note 1)*	–	600,000,000	600,000,000	–	47.64%
Mr. Choi Tat Ying, Jacky	–	–	–	500,000	–
Mr. Dai Wei	–	–	–	5,000,000	–
Mr. Chen Xiang Dong	–	–	–	5,000,000	–
Mr. Zhou Tian Bao *(Note 2)*	8,832,000	645,000,000	653,852,000	–	51.91%

Notes:

(1) The shares are held by Century Founders Group Limited in which Ms. Lilly Huang owns a 52% shareholding interest. Ms. Lilly Huang is therefore deemed to be interested in the entire interest of Century Founders Group Limited in the Company for the purpose of Part XV of the SFO.

(2) Mr. Zhou Tian Bao is interested and deemed to be interested in an aggregate of 653,832,000 shares in the Company. These shares are held in the following capacity:

  (i) 8,832,000 shares are held in his personal name;

  (ii) 45,000,000 shares are held by Mark Up Investments Limited which is a company wholly-owned by Mr. Zhou Tian Bao. Mr. Zhou Tian Bao is therefore deemed to be interested in the entire interest of Mark Up Investments Limited in the Company for the purpose of Part XV of the SFO;

  (iii) 600,000,000 shares are held by Century Founders Group Limited in which Mark Up Investments Limited own a 48% shareholding interest. Mr. Zhou Tian Bao is therefore deemed to be interested in the entire interest of Century Founders Group Limited in the Company for the purpose of Part XV of the SFO.

(3) The calculation is based on the number of shares as a percentage of the total number of issued shares of the Company (ie. 1,259,461,601 shares) as at 31 March 2009.

Save as disclosed above, none of the directors of the Company and the chief executive of the Company was interested or had any short position in any shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 31 March 2009.

COMPETING INTEREST

None of the directors or the management shareholders of the Company had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2009.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Trading in the securities of the Company has been suspended since 19 January 2009 and Directors are of the opinion that since the date of suspension in trading of the Company's securities, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules is not applicable.

AUDIT COMMITTEE

The primary duties of the audit committee include the review of financial information, overseeing the financial reporting system and internal control procedures as well as maintaining a working relationship with the auditor of the Company.

The audited financial results and statements of the Company for the year ended 31 March 2009 have not been reviewed by the audit committee as there is no sufficient number of independent non executive directors to constitute the audit committee.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

However, due to the severe financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, the directors are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2009.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 10:00 a.m. on 19 January 2009 and shall remain suspended until further notice.

By Order of the Board, for
Norstar Founders Group Limited
(Provisional Liquidators Appointed)
Lilly Huang
Executive Director

Hong Kong, 17 January 2013

As at the date of this announcement, the Board comprises Ms. Lilly Huang as executive director, and Mr. Choi Tat Ying, Jacky as independent non-executive director.

Please also refer to the published version of this announcement on the Company's website: www.norstar.com.hk.