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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the "Board") of Norstar Founders Group Limited (Provisional Liquidators Appointed) (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2011 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

		Six months ended 30 September	
	Notes	**2011** *RMB'000* **(unaudited)**	2010 *RMB'000* (unaudited)
Turnover	*4*	**82,612**	126,564
Cost of inventories sold		**(77,373)**	(121,376)
Gross profit		**5,239**	5,188
Other income		**8,876**	8,447
Distribution and selling expenses		**(2,670)**	(3,265)
Administrative expenses		**(4,389)**	(5,573)
Profit from operations		**7,056**	4,797
Finance costs	*6*	**(4,119)**	(3,571)
Profit before tax		**2,937**	1,226
Income tax	*7*	**(1,293)**	(1,402)
Profit/(loss) and total comprehensive income for the period attributable to equity holders of the Company	*8*	**1,644**	(176)
Earnings/(loss) per share	*10*		
Basic and diluted (RMB cents per share)		**0.13**	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2011

	Notes	**At 30 September 2011 *RMB'000* (unaudited)**	At 31 March 2011 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**41,965**	41,526
Interest in an associate		**–**	–
		41,965	41,526
Current assets			
Inventories		**21,397**	20,222
Trade and other receivables	*11*	**72,158**	55,467
Amount due from an associate		**3,216**	232
Bank and cash balances		**1,509**	1,435
		98,280	77,356
Current liabilities			
Trade and other payables	*12*	**54,124**	36,636
Amounts due to the Schemes		**381,634**	386,081
Amount due to an associate		**6,956**	6,992
Obligations under finance leases		**26,375**	26,784
Senior note		**12,481**	12,592
Interest-bearing borrowings		**10,174**	4,233
Tax payables		**8,071**	6,785
		499,815	480,103
Net current liabilities		**(401,535)**	(402,747)
NET LIABILITIES		**(359,570)**	(361,221)
Capital and reserves			
Share capital		**111,248**	111,248
Reserves		**(470,818)**	(472,469)
TOTAL EQUITY		**(359,570)**	(361,221)

NOTES

1. GENERAL INFORMATION

Norstar Founders Group Limited (Provisional Liquidators Appointed) ("the Company" or "NFG") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY 1-1111, Cayman Islands and principal place of business is 35th Floor, One Pacific Place, 88 Queensway, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the trading in shares of the Company has been suspended since 19 January 2009.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively "the Group") were principally engaged in manufacturing, sale and trading of auto parts and construction decorative hardware products.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS34") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated interim financial statements ("Interim Financial Statements") do not include all the information and disclosures required in the full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards, and should be read in conjunction with the annual financial statements for the year ended 31 March 2011.

The preparation of an Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

Winding-up petitions and appointment of provisional liquidators

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 million and a creditor's claim against the Group in the amount of approximately RMB326 million, the trading in the shares of the Company has been suspended since 19 January 2009 at the request of the NFG.

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, 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.

The hearing of winding-up petitions against the Company by the High Court is adjourned to 13 January 2014.

Suspension of trading in the shares of the Company

As mentioned above, the trading in the Company's shares on the Stock Exchange has been suspended since 19 January 2009.

With a view to resume trading in its shares on the Stock Exchange, the Company submitted a resumption proposal dated 28 September 2010 and a revised proposal dated 17 August 2011 (the "Resumption Proposal") to the Stock Exchange in respect of the proposed restructuring of the Group. Further details of the Resumption Proposal were set out in the announcements of the Company dated 21 October 2009, 15 December 2009 and 30 June 2012. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in the respective public announcements made by the Company.

The Stock Exchange had, on 8 June 2012, informed the Company's financial adviser by way of a letter that it had decided to allow the Company to proceed with the Resumption Proposal, subject to the Company's fulfilment of the conditions as set out in the same letter to the satisfaction of the Stock Exchange by 28 February 2013.

Notwithstanding, as additional time is required for the satisfaction of the Resumption Conditions, on 27 February 2013, the Company applied to the Stock Exchange for an extension of time for the purpose of implementing the proposed restructuring and fulfilling the Resumption Conditions.

On 27 May 2013 and 29 May 2013, the Company submitted to the Stock Exchange further revised resumption proposal (the "Final Proposal") which included the terms of the subscription agreement entered into between the Investor, the Company and the Provisional Liquidators.

On 4 June 2013, the Stock Exchange informed the Company's financial adviser in writing that the Stock Exchange had decided to allow the Company to proceed with the Final Proposal subject to fulfillment of the following revised resumption conditions by 31 December 2013:

(a) Completion of the transactions under the Final Proposal;

(b) Inclusion in the circular to Shareholders the following:

  (i) Detailed disclosure of the Final Proposal and information about the Group;

  (ii) A statement from the Directors confirming working capital sufficiency for at least 12 months after Resumption, and a comfort letter from the auditors and financial adviser of the Company on the Directors' statement; and

  (iii) A pro forma balance sheet upon completion of the Final Proposal, and a comfort letter from the auditors under Rule 4.29 of the Listing Rules;

(c) Publication of all outstanding financial results with major audit qualifications properly addressed;

(d) Provision of confirmation from the internal control reviewer of the Group that the Group has an adequate and effective internal control system; and

(e) Withdrawal or dismissal of the winding-up petition and discharge of the Provisional Liquidators.

The Stock Exchange may modify the resumption conditions if the Company's situation changes.

The Provisional Liquidators and their respective advisors are now working towards in fulfilling the conditions imposed by of the Stock Exchange.

Proposed restructuring of the Group

The Group's proposed restructuring, which is to be carried out in two parts (i.e. the Debt Restructuring and the Capital Restructuring), was formulated to address the indebtedness of the Company and NAIH as described below under the section headed "The Debt Restructuring" and to regularise the financial position and capital needs of the Restructured Group.

The Debt Restructuring

The Debt Restructuring is being effected through the NFG Scheme and the NAIH Scheme pursuant to Section 166 of the Hong Kong Companies Ordinance to address the indebtedness of the Company and NAIH, respectively. 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 and became effective on 19 March 2010 (the "Effective Date"). Further details of the Schemes were set out in the announcements of the Company dated 15 December 2009, 3 March 2010 and 24 March 2010 (the "Announcements"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as in the Announcements.

NFG Scheme

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

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

(b) a repayment obligation from the Company in favour of a special purpose company incorporated to facilitate the proposed debt restructuring of the Company 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

(c) amounts recoverable from NAIH and Fullitech by way of distribution from the NAIH Scheme.

Items (a), (b) and (c) above are 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:

(a) 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");

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

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

    (i) 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 principal amount of HK$1,381,000,000 together with the related interest thereon (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

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

(d) 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

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

Further to the above, an alternative mechanism under the NAIH Scheme was also included, 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 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 the 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.

Subsequent to the Effective Date, certain proposals affecting the Schemes have been sought as follows:

NFG Scheme

(a) a release or waiver of all amounts owing from Fullitech to the Company which was assigned to the NFG SPV pursuant to the terms of the NFG Scheme, save and except for the amount to which Fullitech is entitled as a creditor of NAIH which is to be distributed by the NAIH Scheme Administrators under the terms of the NAIH Scheme; and

(b) an extension of time for the fulfilment of the NFG Repayment Obligation from within 12 months of the Effective Date to 31 December 2013, or on the completion of the subscription agreement entered into with the investor, whichever is later.

NAIH Scheme

(a) a release of Fullitech Corporate Guarantee;

(b) a release of the share charge over NAIH's 100% shareholding interest in Norstar Chassis;

(c) a release of the NFG Undertaking, and in consideration for and simultaneous upon that release, 377,838,480 Subscription Shares subscribed by the Investor shall be issued and allotted to the NAIH SPV, and shall form part of the Scheme Assets of the NAIH Scheme; and

(d) a release or waiver of all amounts owing from Norstar Chassis to NAIH which was assigned to NAIH SPV pursuant to the terms of the NAIH Scheme.

Subject to obtaining all necessary consents, authorisations and/or sanctions from the High Court, the Grand Court of the Cayman Islands and any other relevant parties, it is expected that upon completion of the Restructuring, the above obligations shall be fully discharged and accordingly all financial obligations/claims made against the Company and NAIH shall be fully discharged.

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 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 with its maturity date on 6 September 2011 and the proceed raised was utilised to satisfy the NAIH obligation.

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:	6 September 2011*

* The maturity date of the Senior Note has been extended by the parties from 6 September 2011 to 30 November 2013 by way of various side letters dated 15 August 2011, 6 September 2012, 28 February 2013, 30 April 2013, 31 May 2013, 30 June 2013, 31 July 2013, 31 August 2013, 30 September 2013 and 31 October 2013. Further details of the Senior Note are set out in the Company's announcement dated 5 October 2010.

Pursuant to the Subscription Agreement, the Company has agreed to issue the warrants (the "Warrants") to OSL as the Subscriber Shareholders for its subscription of the NAIH Senior Note. The Company, the Subscriber Shareholders and the Provisional Liquidators shall enter into the Warrants Deed for the issue of the warrants. The gross proceeds arising from the exercise of the Warrants amounting to approximately HK$14.7 million will be utilised as working capital of the Restructured Group.

As of the date of the Interim 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 the event the Schemes are terminated and in absence of other restructuring plan(s), the financial position of the Group may be materially affected, due to certain adjustments that might have to be made to the Group's financial statements, including but not limited to a reversal (in full or in part) of assets and liabilities of the Group that were previously derecognised in the release of indebtedness and correspondingly gain on release of the indebtedness.

The Capital Restructuring

On 31 May 2013, the Company, the Provisional Liquidators and the Investor entered into the subscription agreement. The subscription agreement sets out, amongst other matters, the terms of the proposed issuance of subscription shares and the proposed issuance of non-voting convertible Class B shares (the "Share Subscription Agreement"), which form part of the restructuring of the Company.

Subject to the fulfillment of the conditions precedent under the Share Subscription Agreement, the Investor will subscribe for the following with a total cash consideration of approximately HK$250 million:

(i) 1,555,538,480 ordinary shares at the subscription price of HK$0.1168 each (the "Subscription Shares"). Amongst the 1,555,538,480 Subscription Shares to be subscribed by the Investor, 377,838,480 of which shall be issued and allotted to the NAIH SPV, which is a special purpose vehicle of the NAIH Scheme, for the benefit of the NAIH Scheme Creditors; and

(ii) 585,546,241 Class B shares, with par value HK$0.01 each carrying the right to convert into ordinary shares at the ratio of one to one at the subscription price of HK$0.1168 each.

Upon completion of the Share Subscription Agreement, the Investor shall become the controlling shareholder of the Company.

Further details of the capital restructuring are set out in the Company's announcement dated 13 September 2013.

Going concern

As at 30 September 2011, the Group had net current liabilities of approximately RMB401,535,000 (31 March 2011:RMB402,747,000) and net liabilities of approximately RMB359,570,000 (31 March 2011: RMB361,221,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Interim Financial Statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the financial restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the Interim Financial Statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 April 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's Interim Financial Statements and amounts reported for the current period and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. TURNOVER

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

	Six months ended 30 September	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Auto parts	**54,141**	58,846
Construction decorative hardware products	**28,471**	67,718
	82,612	126,564

5. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

An analysis of the Group's turnover and results by operating segments is as follows:

	Auto parts *RMB'000* (unaudited)	Construction decorative hardware products *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Six months ended 30 September 2011:			
Revenue from external customers	**54,141**	**28,471**	**82,612**
Segment profit/(loss)	**926**	**(666)**	**260**
At 30 September 2011:			
Segment assets – unaudited	**123,925**	**14,451**	**138,376**
Six months ended 30 September 2010:			
Revenue from external customers	58,846	67,718	126,564
Segment profit	1,198	725	1,923
At 31 March 2011:			
Segment assets – audited	108,473	8,974	117,447

Reconciliations of reportable profit and loss:

	Six months ended 30 September	
	2011 ***RMB'000*** **(unaudited)**	2010 *RMB'000* (unaudited)
Total profit of reportable segments	**260**	1,923
Corporate and unallocated profit or loss	**6,796**	2,874
Consolidated total profit from operations	**7,056**	4,797

6. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on borrowings that are wholly repayable within five years:		
– Bank borrowings	**–**	123
– Amounts due to the NAIH Scheme	**3,414**	3,414
– Senior note	**82**	–
– Discounted bills	**623**	34
	4,119	3,571

7. INCOME TAX

	Six months ended 30 September	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
– Provision for the PRC enterprise income tax	**1,293**	1,402

8. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	Six months ended 30 September	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**77,373**	121,376
Depreciation	**2,170**	7,328
Staff costs	**1,941**	1,931

9. DIVIDENDS

The directors do not recommend the payment of any interim dividend for each of the six months ended 30 September 2011 and 2010.

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit of approximately RMB1,644,000 (six months ended 30 September 2010: loss of RMB176,000) attributable to equity holders of the Company for the period and the weighted average number of 1,259,461,601 (30 September 2010: 1,259,461,601) ordinary shares in issue during the period.

(b) Diluted earnings per share

Trading in the shares of the Company was suspended since 19 January 2009 and no information of the average market price per share for the period is available. As the exercise price of the outstanding share options is higher than the market price for shares immediately before the suspension of trading in the Company's shares, the presentation of diluted earnings per share for the six months ended 30 September 2011 and 2010 do not assume the exercise of the Company's outstanding share options.

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2011 *RMB'000* **(unaudited)**	At 31 March 2011 *RMB'000* (audited)
Trade receivables	**41,324**	36,851
Bills receivables	**12,314**	4,233
Prepayments and other receivables	**18,520**	14,383
	72,158	55,467

Trade receivables

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables, net of impairment, presented based on the invoice date at the end of the reporting period.

	At 30 September 2011 *RMB'000* **(unaudited)**	At 31 March 2011 *RMB'000* (audited)
0 to 90 days	**28,477**	31,217
91 to 180 days	**3,903**	5,327
181 to 365 days	**8,779**	307
Over 1 year	**165**	–
	41,324	36,851

Bills receivables

The following is an aged analysis of bills receivables:

	At 30 September 2011 *RMB'000* (unaudited)	At 31 March 2011 *RMB'000* (audited)
0 to 90 days	**6,355**	4,233
91 to 180 days	**5,959**	–
	12,314	4,233

12. TRADE AND OTHER PAYABLES

	At 30 September 2011 *RMB'000* (unaudited)	At 31 March 2011 *RMB'000* (audited)
Trade payables	**24,181**	14,531
Accruals and other payables	**29,943**	22,105
	54,124	36,636

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

	At 30 September 2011 *RMB'000* (unaudited)	At 31 March 2011 *RMB'000* (audited)
0 to 90 days	**13,509**	10,584
91 to 180 days	**4,358**	1,844
181 to 365 days	**6,314**	1,449
over 365 days	**–**	654
	24,181	14,531

The average credit period on purchases of goods is 90 days.

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the Group's proposed restructuring in progress, and further details of which are stated in note 2 to this announcement.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

During the financial period under review, the Group is principally engaged in the manufacturing, sale and trading of auto parts and construction decorative hardware products.

For the six months ended 30 September 2011, the Group's turnover was approximately RMB83 million representing a decrease of approximately 34.7% from the six months ended 30 September 2010 of approximately RMB127 million. Gross profit margin increased from approximately 4.1% for six months period ended 30 September 2010 to 6.3% for six months period ended 30 September 2011. The profit attributable to equity holders of the Company amounted to approximately RMB1.6 million for the period, as compared to a loss of approximately RMB0.2 million for the six months ended 30 September 2010.

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 six months ended 30 September 2011.

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 financial results and statements of the Company for the six months period ended 30 September 2011 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 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 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 six months period ended 30 September 2011.

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)
Chin Chang Keng, Raymond
Executive Director

Hong Kong, 31 October 2013

As at the date of this announcement, the Board comprises Ms. Lilly Huang and Mr. Chin Chang Keng, Raymond as executive directors, 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.