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**Norstar Founders Group Limited  
(Provisional Liquidators Appointed)**

北泰創業集團有限公司  
(已委派臨時清盤人)

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2339)**

## **ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Provisional Liquidators are pleased to announce that at the respective Scheme Creditors' meetings held on 8 December 2009:

- (i) the Scheme of Arrangement proposed to be made between the Company and its Scheme Creditors was approved by the Scheme Creditors attending and voting at such meeting in person or by proxy; and
- (ii) the Scheme of Arrangement proposed to be made between NAIH and its Scheme Creditors was approved by NAIH's Scheme Creditors attending and voting at such meeting in person or by proxy.

## **INTRODUCTION**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the Announcements. Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Announcements.

## **PROPOSED DEBT RESTRUCTURING**

By order dated 10 November 2009, the High Court directed that meetings of creditors with unsecured claims against the Company and NAIH be convened, for the purpose of considering and, if thought fit, approving schemes of arrangement proposed by the Company and NAIH respectively. The meetings of creditors were held on 8 December 2009.

### **Result of the Creditors' meetings**

The Provisional Liquidators are pleased to announce that at the respective Scheme Creditors' meetings held on 8 December 2009:

- (i) the NFG Scheme was approved by the Scheme Creditors of the Company attending and voting at such meeting in person or by proxy; and
- (ii) the NAIH Scheme was approved by the Scheme Creditors of NAIH attending and voting at such meeting in person or by proxy.

The results of the Scheme Creditors' meetings will be submitted to the High Court of the Hong Kong SAR when the Provisional Liquidators apply for the sanctioning of the respective Schemes of Arrangements. Details of the Schemes of Arrangement are summarised in the following section.

### *Summary of NFG Scheme and NAIH Scheme*

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

- (i) Earnest Money in the sum of HK\$2 million;
- (ii) A repayment obligation from the Company (after restructuring) in favour of NFG SPV for a fixed sum of HK\$200 million under which the Company would repay the said sum within 12 months from the Effective Date.
- (iii) Amounts recoverable from NAIH and Fullitech by way of distribution from the 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 million will be made by NAIH to NAIH SPV on 4 January 2010 or within 30 days from the effective date of the NAIH Scheme, whichever is later;
- (ii) Net proceeds arising from the disposal of Changchun Everpower, Changchun Prolong, Changchun Warlton and Prolong Aluminum;
- (iii) Net cashflow to be generated / net proceeds arising from the following:
  - (a) Net cash flow to be generated from Norstar Suspension and Profound over a period of 5 years in the total amount of HK\$1,381 million (plus interest) (the “**NAIH Repayment Obligation**”), where the yearly minimum payment (“**NAIH Minimum Yearly Payment**”) is fixed as follows:

Year 1 – HK\$ 125million + interest  
Year 2 – HK\$ 125million + interest  
Year 3 – HK\$ 150million + interest  
Year 4 – HK\$ 250million + interest  
Year 5 – HK\$ 731million + interest  
Total – HK\$1,381million + interest

The NAIH Minimum Yearly Payment and the NAIH Repayment Obligation will be secured against the following:

1. Fullitech Corporate Guarantee for a sum up to the NAIH Repayment Obligation;
2. NFG Undertaking for a sum up to the NAIH Repayment Obligation;
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 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.
- (iv) Net proceeds arising from the disposal of the shareholding in 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 under the NAIH Scheme is proposed by NAIH, where in the event of a receipt of a lump sum cash offer for all/part of the assets, including shareholding interests in Changchun Everpower, Changchun Prolong, Changchun Warlton, Prolong Aluminum, 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 Scheme Creditors committee, convene a Scheme Creditors' meeting to consider, and if considered appropriate, resolve to approve such an offer.

#### ***Rationale for the Proposed Debt Restructuring***

The rationale for the Proposed Debt Restructuring includes, among other things, the following:

- (i) The proposed debt restructurings of the Company and NAIH, have been formulated with the aim of restructuring the indebtedness of the Company and NAIH, and to allow the creditors of the respective companies to recover a higher return on the debts owing to them compared with the expected returns in the event of liquidation. Based on the limited information available to the Provisional Liquidators, it is estimated that the unsecured creditors of the Company and NAIH could only expect minimal recovery under a liquidation situation, mainly due to the following:
  - (a) Based on the bank account information currently made available to them, the Provisional Liquidators estimate that the cash and bank balances of the Group as at 6 February 2009 (i.e. the date of appointment of the Provisional Liquidators) was not more than RMB 335 million;
  - (b) It was noted from a review of the loan card information obtained from the People's Bank of China that the two major operating PRC Subsidiaries, namely Norstar Automotive BJ and Norstar Suspension, had bank borrowings from PRC banks of approximately RMB 868 million and RMB 130 million respectively as at 9 February 2009 (the "**PRC Loans**").
  - (c) According to the documents available to the Provisional Liquidators, the estimated total amount due by NAIH to banks and financial institutions as at 6 February 2009 was approximately HK\$ 1.6 billion in aggregate, however this figure does not include the claims of approximately HK\$774 million made by various financial institutions in connection with the early termination of the Forward Contracts as announced on 16 January 2009.

As at the date of this announcement, the Provisional Liquidators have yet to obtain control over the Company's subsidiaries in PRC (the "**PRC Subsidiaries**") and are still continuing their efforts to change the legal representatives and directors of the PRC Subsidiaries. Accordingly, the Provisional Liquidators have not been able to confirm the cash and financial positions of the Group. The Provisional Liquidators are still awaiting explanations from the management of the PRC Subsidiaries on the above findings and continue their investigation into the financial affairs of the Group to ascertain its overall financial position.

- (ii) The NAIH Scheme involves the injection of assets which are not already owned by the Group, and will therefore enhance the position of creditors of the NAIH Scheme.

Further announcement will be made by the Company when the Schemes of Arrangement become effective.

## SUSPENSION OF TRADING

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

## DEFINITIONS

“Announcements”	announcements of the Company dated 16 January 2009, 9 February 2009, 4 May 2009, 10 June 2009, 21 October 2009, 12 November 2009 and 19 November 2009
“Changchun Everpower”	Changchun Everpower Special Purpose Automotive Manufacturing Co., Ltd. (長春恒力專用汽車製造有限公司)
“Changchun Prolong”	Changchun Prolong Autoparts Co., Ltd. (長春恒巨汽車零部件有限公司) a company incorporated under the laws of the People’s Republic of China, holding 100% of the shares of Prolong Aluminum
“Changchun Warlton”	Changchun Warlton Autoparts Co., Ltd. (長春華滙汽車零部件有限公司)
“Claim”	any debt, liability or obligation of the Company as at the Effective Date, whether known or unknown, whether certain or contingent, whether present, future or prospective, whether liquidated or unliquidated, whether arising at common law, in equity or by statute, in Hong Kong, the PRC or in any other jurisdiction or in any manner whatsoever and which includes without limitation a debt or liability to pay money or money’s worth, any liability for breach of trust, any liability in contract, tort or bailment, any liability arising out of an obligation to make restitution, and any liability arising out of any legal claim, whether certain or contingent
“Company”	Norstar Founders Group Limited (Provisional Liquidators Appointed), a company incorporated in Cayman Islands with limited liability and the Shares are listed on the Stock Exchange
“CX Tech”	CX Tech Inc.
“Director(s)”	the director(s) of the Company

“Earnest Money”	a sum of HK\$2,000,000 placed by Mr. Zhou with the Company
“Effective Date”	the date on which the Scheme becomes effective by virtue of the delivery of an office copy of the order of the Hong Kong Court sanctioning the Scheme to the Registrar of Companies in Hong Kong for registration
“Fullitech”	Fullitech International Limited, a company incorporated in BVI with limited liability, a wholly owned subsidiary of the Company and the intermediate holding company of NAIH
“Fullitech Corporate Guarantee”	corporate guarantee to be issued by Fullitech in favour of NAIH SPV, for a sum up to the NAIH Repayment Obligation, as part of the NAIH Repayment Obligation Security, under the NAIH Scheme
“Group”	the Company and its subsidiaries from time to time
“High Court”	the High Court of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investor” or “SAL”	Success Arrive Limited, a company incorporated under the laws of British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhou”	Zhou Tian Bao, a former Director and former chief executive officer of the Company
“NAIH”	Norstar Automobile Industrial Holding Limited (Provisional Liquidators Appointed), a company incorporated under the laws of Hong Kong with limited liability
“NAIH Repayment Obligation Security”	collaterals provided as security to the NAIH Repayment Obligation and the NAIH Minimum Yearly Repayment, comprising collectively, the following:  (a) Fullitech Corporate Guarantee for a sum up to the NAIH Repayment Obligation ; (b) NFG Undertaking for a sum up to the NAIH Repayment Obligation; (c) First legal charge on Mr. Zhou’s direct and indirect shareholdings in the Company; (d) Share charge over NAIH’s 100% interest in Norstar Chassis for a sum up to the NAIH Repayment Obligation; and (e) Share charge over NAIH’s 40% interest in Profound for a sum up to the NAIH Repayment Obligation.
“NAIH Scheme”	the scheme of arrangement for NAIH pursuant to Section 166 of the Companies Ordinance
“NAIH SPV”	a special purpose company incorporated to facilitate the proposed debt restructuring of NAIH under the NAIH Scheme. Upon the Effective Date, all Claims of NAIH shall be transferred and/or assigned and/or novated to the NAIH SPV
“NFG Scheme”	the scheme of arrangement for the Company pursuant to Section 166 of the Companies Ordinance

“NFG SPV”	a special purpose company incorporated to facilitate the proposed debt restructuring of the Company under the Scheme. Upon the Effective Date, all Claims of the Company shall be transferred and/or assigned and/or novated to NFG SPV
“NFG Undertaking”	corporate undertaking to be provided by the Company in favour of NAIH SPV for a sum up to the NAIH Repayment Obligation, being part of the NAIH Repayment Obligation Security, where the Company undertakes to allocate 30% of future debt and/or equity funds to be raised by the Company for repayment of any shortfall should an event of default occur under the NAIH Repayment Obligation
“Norstar Automotive BJ”	Norstar Automotive Industry Inc (北泰汽車工業有限公司), a wholly owned subsidiary of NAIH, incorporated under the laws of the PRC
“Norstar Chassis”	Norstar Automotive Chassis System (Anhui) Inc. (北泰汽車底盤系統(安徽)有限公司), a company incorporated in the PRC and an indirectly wholly owned subsidiary of the Company
“Norstar Suspension”	Norstar Auto Suspension Manufacturing (Beijing) Inc (北泰汽車懸架製造(北京)有限公司), a wholly owned subsidiary of NAIH, incorporated under the laws of the PRC
“Profound”	Profound Global Limited
“Prolong Aluminum”	Prolong Aluminum (Baishan) Co., Ltd. (恒巨鋁業(白山)有限公司)
“Proposed Debt Restructuring”	proposed debt restructuring which will be effected through NFG Scheme and NAIH Scheme to address the indebtedness of the Company and NAIH respectively
“Provisional Liquidators”	Messrs. Lai Kar Yan (Derek), Darach E. Haughey and Yeung Lui Ming (Edmund), the joint and several provisional liquidators of the Company and NAIH
“Scheme Administrator(s)”	the administrator(s) of the Scheme(s) of Arrangement to be appointed pursuant to the terms of the Scheme(s).
“Scheme(s) of Arrangement” or “Scheme(s)”	NAIH Scheme and/or NFG Scheme
“Scheme Creditors”	creditors to whom unsecured debts (other than those whose claims would be preferential in a liquidation to the extent of their preferential claims) are owed by the Company or NAIH.
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Summitech”	Summitech Engineering Inc.
“US Companies”	CX Tech and Summitech
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

For and on behalf of  
**Norstar Founders Group Limited**  
**(Provisional Liquidators Appointed)**

**Lai Kar Yan (Derek)**

**Darach E. Haughey**

**Yeung Lui Ming (Edmund)**

Joint and Several Provisional Liquidators  
Acting as agents without personal liability

Hong Kong, 15 December 2009

*As at the date of this announcement, the Board comprises Ms. Lilly Huang as executive director, and Mr. Choi Tat Ying, Jacky, Ms. Zhang Xin, Cindy and Mr. Zhang Jian Chun as independent non-executive directors.*