

**NORSTAR FOUNDERS GROUP LTD:  
THIS COMPANY COULD BE A WINNER FOR YEARS TO COME**

When Norstar Founders Group Ltd went public on the Main Board of The Stock Exchange of Hongkong Ltd on September 29, 2003, its reception might have surprised quite a number of people since the 200 million New Shares on Offer were oversubscribed some 120 times.

ICEA Capital Ltd, Lead Manager and Sponsor of the Company, exercised an Over-Allotment Option of another tranche of 30 million shares, so 'hot' was the reception for the shares of this automotive, spare-parts producer.

The shares of Norstar were Offered at a price of between \$HK1.08 per Share and \$HK1.33 per Share.

The Placing and Offer Price was fixed at \$HK1.33 per Share, but, today, the share price has risen by more than 60 percent from that level.

Aside from the fact that Norstar has done extraordinarily well over the past 3 Financial Years, ended March 31, 2003, there are good and valid reasons for this Company to be viewed as a winner in the years to come.

**The Flotation**

Norstar Founders Group Ltd Placed 180 million New, 10-cent Shares at a Premium of \$HK1.23 per Share, and Offered 20 million New, 10-cent Shares, also at a Premium of \$HK1.23 per Share.

The money, brought in, in this cash-raising exercise, amounting to about \$HK218 million, on the basis of the Shares, being sold at \$HK1.20 a pop, is to be used for the following purposes, the Prospectus stated at Page 149:

1. \$HK28 million for research and development;
2. \$HK38 million for the establishment of production facilities for the manufacture of composite friction material;
3. \$HK28 million for the purchase of new production equipment;
4. \$HK19 million for the construction of a research and development centre;
5. \$HK28 million for the construction of a production plant;
6. \$HK38 million for the purchase and installation of new production equipment;
7. \$HK9 million for the strengthening of the Company's sales force and for other marketing activities; and,
8. \$HK30 million to be used as General Working Capital.

As it turned out, taking into consideration the ICEA Over-Allotment Option, which brought in another \$HK38.50 million, and the fact that the New Shares, those Placed and those Offered, went at the top of the price range, at \$HK1.33 per Share, the Company brought in considerably more than that which had, hitherto, been expected.

Norstar describes its activities at Page 57 of the Prospectus in the following terms:

*'The Group is principally engaged in the manufacture and sale of automotive spare parts. The Group is also engaged in the manufacture and sale of construction decorative hardware products. The Group's products have successfully penetrated into the overseas markets of the United States, Canada and Europe.'*

The history of this Company goes back to March 1994, according to Page 60 of the Prospectus.

Ms Lilly Huang, the present Chairperson, acquired the entire Issued Share Capital of Norstar Industrial Ltd on March 3, 1998.

It would appear that ... [CLICK TO ORDER FULL ARTICLE](#)

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