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HannStar Board International Holdings Limited

瀚宇博德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00667)

ANNOUNCEMENT

RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the “Board”) of HannStar Board International Holdings Limited 瀚宇博德國際控股有限公司 (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2010

| | Nine months ended 30 September | |
|---|--------------------------------|------------------|
| | <u>2010</u> | <u>2009</u> |
| | US\$'000 | US\$'000 |
| | (unaudited) | (unaudited) |
| Revenue | 507,304 | 406,237 |
| Cost of sales | (465,714) | <u>(345,794)</u> |
| Gross profit | 41,590 | 60,443 |
| Other income | 14,858 | 9,537 |
| Distribution and selling expenses | (9,275) | (9,391) |
| Administrative expenses | (16,325) | (15,910) |
| Finance costs | (2,438) | <u>(3,845)</u> |
| Profit before taxation | 28,410 | 40,834 |
| Income tax (charge) credit | (5,179) | <u>208</u> |
| Profit for the period | 23,231 | 41,042 |
| Other comprehensive income | | |
| Exchange differences arising on translation to presentation currency | 7,576 | (83) |
| Net value loss on available-for-sale investments | (1,270) | <u>(35)</u> |
| Total comprehensive income for the period | 29,537 | <u>40,924</u> |
| Earnings per share (US\$) | | |
| - Basic | 0.018 | <u>0.031</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

| | At 30 September <u>2010</u> US\$'000 (unaudited) | At 31 December <u>2009</u> US\$'000 (audited) |
|--|---|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 359,315 | 329,183 |
| Prepaid lease payments | 5,523 | 5,516 |
| Available-for-sale investments | - | 3,436 |
| | <u>364,838</u> | <u>338,135</u> |
| CURRENT ASSETS | | |
| Inventories | 61,741 | 56,736 |
| Trade and other receivables | 267,983 | 238,574 |
| Prepaid lease payments | 129 | 126 |
| Amount due from ultimate holding company | - | 1,422 |
| Derivative financial instruments | 1,145 | - |
| Pledged bank deposits | - | 1,147 |
| Bank balances and cash | 167,963 | 95,664 |
| | <u>498,961</u> | <u>393,669</u> |
| CURRENT LIABILITIES | | |
| Trade and other payables | 177,007 | 143,509 |
| Amount due to ultimate holding company | 1,623 | - |
| Derivative financial instruments | - | 549 |
| Tax liabilities | 1,756 | 3,217 |
| Bank borrowings - due within one year | 97,226 | 102,751 |
| | <u>277,612</u> | <u>250,026</u> |
| NET CURRENT ASSETS | <u>221,349</u> | <u>143,643</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>586,187</u> | <u>481,778</u> |
| NON-CURRENT LIABILITY | | |
| Bank borrowings - due after one year | 223,202 | 139,040 |
| | <u>362,985</u> | <u>342,738</u> |
| CAPITAL AND RESERVES | | |
| Share capital | 16,925 | 16,925 |
| Reserves | 346,060 | 325,813 |
| | <u>362,985</u> | <u>342,738</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation of financial statements

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the interim financial statements of the Group for the six months ended 30 June 2010.

BUSINESS AND FINANCIAL REVIEW

For the nine months ended 30 September 2010, the total revenue of the Group increased 24.9% from approximately US\$406.2 million for the same period of 2009 to approximately US\$507.3 million. PBIT (represents profit before taxation and finance costs) dropped 31.1% from approximately US\$44.7 million for the nine months ended 2009 to approximately US\$30.8 million for the same period of 2010. The profit for the nine months ended 2010 amounted to approximately US\$23.2 million, decreased 43.4% compared with approximately US\$41.0 million for the same period of 2009. The earnings per share were US\$0.018, decreased by US\$0.013 compared with US\$0.031 for the same period of 2009. The gross profit ratio was 8.2%, decreased by 6.7% compared with 14.9% for the same period of 2009. The decline in profits were mainly due to the rising copper prices. From the lowest level in 2009 at about US\$2.5 per pound to the highest level in the first half of 2010 at about US\$3.6 per pound, the price of copper rose about 44%. Besides, the reduction in the customers' orders in the first quarter further reduced the profits.

Current capital and financial resources

As at 30 September 2010, the Group's total assets were approximately US\$863.8 million, which were increased 18.0% as compared with approximately US\$731.8 million as at 31 December 2009. The debt ratio of the Group was 58.0% as at 30 September 2010, increased approximately 480 basis point compared with 53.2% as at 31 December 2009.

As at 30 September 2010, the bank borrowings of the Group denominated in US dollars were approximately US\$320.4 million, of which US\$97.2 million is due within one year while US\$223.2 million is due after one year. The Group's gearing ratio (calculated as bank borrowings divided by total assets) as at 30 September 2010 was approximately 37.1%, increased approximately 410 basis point compared with approximately 33.0% as at 31 December 2009.

Working capital

The inventory amount was approximately US\$61.7 million as at 30 September 2010 (as at 31 December 2009: approximately US\$56.7 million). The average inventory turnover period was 34 days, decreased by 1 day compared with 35 days of the same period of 2009.

The accounts receivable amounted to approximately US\$241.6 million as at 30 September 2010 (as at 31 December 2009: approximately US\$221.7 million). The average accounts receivable credit period was 123 days, a decrease of 12 days compared with 135 days of the same period of 2009.

The accounts payable amounted to approximately US\$148.4 million as at 30 September 2010 (as at 31 December 2009: approximately US\$118.2 million). The average accounts payable credit period was 77 days, decreased by 6 days compared with 83 days of the same period of 2009.

Bank balances and cash

The amounts of bank balances and cash denominated in US dollars were approximately US\$168.0 million as at 30 September 2010 (as at 31 December 2009: approximately US\$95.7 million). The Group kept moderate cash reserves to meet the operational requirement.

The Group will keep on monitoring the market and will proactively follow the development of the economy so as to bring fruitful results for the shareholders which is our constant goal. We would like to present you satisfactory results in 2010.

On behalf of the Board

HannStar Board International Holdings Limited

瀚宇博德國際控股有限公司

Chang Chia-ning

Chairman

29 October 2010

As at the date of this announcement, the directors of the Company are:

Executive Director: Mr. Yeh Shin-jiin

Non-executive Directors: Mr. Chang Chia-ning and Ms. Cao Jianhua

Independent non-executive Directors: Mr. Chao Yuan-san, Ms. Chen Shun Zu, Deborah, Mr. Yeh Yu-an, Ms. Chang Pi-lan and Mr. Yen Chin-chang