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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 THREE MONTHS ENDED 31 MARCH 2011

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 three months ended 31 March 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2011

	Three months ended 31 March	
	<u>2011</u>	<u>2010</u>
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(unaudited)
Revenue	166,443	160,488
Cost of sales	(165,785)	(142,883)
Gross profit	658	17,605
Other income	6,900	2,950
Distribution and selling expenses	(4,615)	(4,013)
Administrative expenses	(5,888)	(5,363)
Finance costs	(1,192)	(725)
(Loss)/Profit before taxation	(4,137)	10,454
Income tax expense	(648)	(2,212)
(Loss)/Profit for the period	(4,785)	8,242
Other comprehensive income		
Exchange differences arising on translation to presentation currency	4,587	(304)
Fair value adjustment on available-for-sale investments	-	78
Total comprehensive (loss)/income for the period	(198)	8,016
(Loss)/Earnings per share (US\$) - Basic	(0.004)	0.006

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 March 2011*

	At 31 March <u>2011</u> <i>US\$'000</i> (unaudited)	At 31 December <u>2010</u> <i>US\$'000</i> (audited)
NON-CURRENT ASSETS		
Property, plant and equipment	393,119	392,086
Prepaid lease payments	<u>5,579</u>	<u>5,556</u>
	398,698	397,642
CURRENT ASSETS		
Inventories	58,390	55,438
Trade and other receivables	247,536	250,229
Prepaid lease payments	132	131
Derivative financial instruments	963	1,273
Bank balances and cash	<u>197,621</u>	<u>169,756</u>
	504,642	476,827
CURRENT LIABILITIES		
Trade and other payables	183,100	181,463
Amount due to ultimate holding company	1,330	1,969
Derivative financial instruments	-	243
Tax liabilities	2,287	2,329
Bank borrowings - due within one year	<u>121,170</u>	<u>106,058</u>
	307,887	292,062
NET CURRENT ASSETS	196,755	184,765
TOTAL ASSETS LESS CURRENT LIABILITIES	595,453	582,407
NON-CURRENT LIABILITY		
Bank borrowings - due after one year	<u>225,323</u>	<u>212,087</u>
NET ASSETS	370,130	370,320
CAPITAL AND RESERVES		
Share capital	16,925	16,925
Reserves	<u>353,205</u>	<u>353,395</u>
	370,130	370,320

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 annual financial statements of the Group for the year ended 31 December 2010.

BUSINESS AND FINANCIAL REVIEW

For the first quarter of 2011, the Group's total revenue was increased by 3.7% from approximately US\$160.5 million for the same period of 2010 to approximately US\$166.4 million. However, due to the arising material costs and the labor costs in the People's Republic of China ("PRC"), the gross profit for the three months ended 2011 dropped to approximately US\$0.66 million from approximately US\$17.6 million for the same period of 2010. PBIT (represents profit before taxation and finance costs) of the first quarter of 2011 dropped to a loss of approximately US\$2.95 million, compared with the profit of approximately US\$11.18 million for the same period of 2010. The loss for the first quarter of 2011 amounted to approximately US\$4.79 million, compared with the profit of US\$8.24 million for the same period of 2010. Basic earnings per share for the period was a loss of US\$0.004, decreased by US\$0.01 compared with US\$0.006 for the same period of 2010.

The result of the first quarter of 2011 was disappointing to the Group. This was the first time for the Company to record loss since its initial public offering in Hong Kong in year 2006. The decline in profits was mainly due to the following:

1. The rising copper price: The average price of three-month copper future for the period ended March 31, 2011 was approximately US\$9,600 per ton compared with approximately US\$7,300 per ton at the same period of 2010. The price of copper had been increased by approximately 31.5%.
2. The soar of labor cost in the PRC: The minimum wage rate in Jiangyin, the Group's production base in the PRC, for the first quarter in 2011 was RMB1,140, increased by 18.75% compared with RMB960 for the same period of 2010.

Current capital and financial resources

As at 31 March 2011, the Group's total assets were approximately US\$903.3 million, which were increased 3.3% as compared with approximately US\$874.5 million as at 31 December 2010. The debt ratio of the Group was 59.0% as at 31 March 2011, increased approximately 130 basis point compared with 57.7% as at 31 December 2010.

As at 31 March 2011, the bank borrowings of the Group denominated in US dollars were approximately US\$346.5 million, of which US\$121.2 million is due within one year while US\$225.3 million is due after one year. Compared with approximately US\$318.1 million at 31 December 2010, the bank borrowings rose 8.9%.

The Group's gearing ratio (calculated as bank borrowings divided by total assets) as at 31 March 2011 was approximately 38.4%, increased approximately 2.0% compared with approximately 36.4% as at 31 December 2010.

Working capital

The inventory amount was approximately US\$58.4 million as at 31 March 2011 (as at 31 December 2010: approximately US\$55.4 million). The average inventory turnover period was 31 days, decreased by 2 days compared with 33 days for the year 2010.

The accounts receivable amounted to approximately US\$226.3 million as at 31 March 2011 (as at 31 December 2010: approximately US\$230.9 million). The average accounts receivable credit period was 125 days, increased by 3 days compared with 122 days for the year 2010.

The accounts payable amounted to approximately US\$140.2 million as at 31 March 2011 (as at 31 December 2010: approximately US\$132.2 million). The average accounts payable credit period was 75 days, increased by 2 days compared with 73 days for the year 2010.

Bank balances and cash

The amounts of bank balances and cash denominated in US dollars were approximately US\$197.6 million as at 31 March 2011 (as at 31 December 2010: approximately US\$169.8 million). The Group kept moderate cash reserves to meet the operational requirement.

Future Perspective

Although the worldwide notebook market encounters the great threat of tablet personal computer, the global economy has certain challenges as well. The Group would make the best efforts to deal with the tough operating challenges and create the best interests for the shareholders. In order to enhance the overall profitability, the Group would dedicate to conduct the business strategies below:

1. speed up the development of new products as well as new technology so as to enrich the products with high added value.
2. raise the capacity utilization rate.
3. raise the product prices to absorb the impact of materials appreciation.

For and 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

27 April 2011

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