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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)

CONNECTED TRANSACTIONS

The Board is pleased to announce that on 27 April 2011, HannStar Jiangyin and HannStar Precision, which are the indirect wholly-owned subsidiaries of the Company, entered into the First Equipment Purchase Agreement and the Second Equipment Purchase Agreement with HannStar Taiwan, respectively. Pursuant to the Purchase Agreements, HannStar Jiangyin and HannStar Precision have agreed to purchase the First Equipment and the Second Equipment from HannStar Taiwan for the production of PCBs. The Purchase Agreements are not inter-conditional. Upon completion of the Purchase Agreements, HannStar Jiangyin and HannStar Precision will pay a cash consideration of US\$330,840 and US\$14,950 to HannStar Taiwan, respectively.

HannStar Taiwan is a controlling shareholder of the Company and indirectly holds approximately 74.99% of the issued share capital of the Company as at the date of this announcement. Pursuant to the Listing Rules, HannStar Taiwan is a connected person of the Company and the Purchases constitute connected transactions for the Company.

Given that each of the applicable percentage ratios (other than the profit ratio) in respect of the aggregate amount of the Purchases and the purchase on 10 January 2011 as mentioned in the paragraph headed "Aggregation of Transactions" of this announcement is more than 0.1% but less than 5%, the transactions under the Purchase Agreements will be exempt from the independent shareholders' approval requirements but subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

FIRST EQUIPMENT PURCHASE AGREEMENT

Date

27 April 2011

Parties

Vendor: HannStar Taiwan

Purchaser: HannStar Jiangyin

Assets to be acquired

Pursuant to the First Equipment Purchase Agreement, HannStar Jiangyin has agreed to purchase, and HannStar Taiwan has agreed to sell, the First Equipment which will be used for the production of PCBs. The First Equipment Purchase Agreement is not subject to any conditions precedent.

Consideration

The terms of the First Equipment Purchase Agreement were determined after arm's length negotiation between HannStar Jiangyin and HannStar Taiwan and on normal commercial terms. The First Equipment was acquired by HannStar Taiwan for the sum of US\$741,095. The book value of the First Equipment as of 28 February 2011 was US\$324,097 as shown in the management accounts of HannStar Taiwan prepared in accordance with Taiwan GAAP. Pursuant to the First Equipment Purchase Agreement, HannStar Jiangyin will pay a cash consideration in the sum of US\$330,840 to HannStar Taiwan, which was negotiated and determined on arm's length basis having regard to the quantity, technical specification and condition of the First Equipment. HannStar Jiangyin will pay 90% of the consideration within 90 days upon delivery of the First Equipment and the remaining 10% will be paid upon satisfactory inspection and testing of the First Equipment.

SECOND EQUIPMENT PURCHASE AGREEMENT

Date

27 April 2011

Parties

Vendor: HannStar Taiwan

Purchaser: HannStar Precision

Assets to be acquired

Pursuant to the Second Equipment Purchase Agreement, HannStar Precision has agreed to purchase, and HannStar Taiwan has agreed to sell, the Second Equipment which will be used for the production of PCBs. The Second Equipment Purchase Agreement is not subject to any conditions precedent.

Consideration

The terms of the Second Equipment Purchase Agreement were determined after arm's length negotiation between HannStar Precision and HannStar Taiwan and on normal commercial terms. The Second Equipment was acquired by HannStar Taiwan for the sum of US\$25,220. The book value of the Second Equipment as of 28 February 2011 was US\$13,500 as shown in the management accounts of HannStar Taiwan prepared in accordance with Taiwan GAAP. Pursuant to the Second Equipment Purchase Agreement, HannStar Precision will pay a cash consideration in the sum of US\$14,950 to HannStar Taiwan, which was negotiated and determined on arm's length basis having regard to the quantity, technical specification and condition of the Second Equipment. HannStar Precision will pay 90% of the consideration within 90 days upon delivery of the Second Equipment and the remaining 10% will be paid upon satisfactory inspection and testing of the Second Equipment.

AGGREGATION OF TRANSACTIONS

On 10 January 2011, HannStar Jiangyin purchased certain equipment from HannStar Taiwan for the production of PCBs at the consideration of US\$5,236 and such consideration has already been settled in cash. As the nature of the Purchases is similar to this transaction which occurred within the past 12-month period, the Company considers that it is necessary to aggregate the Purchases and the purchase on 10 January 2011 in computing the applicable percentage ratios pursuant to Rule 14A.25 of the Listing Rules.

REASONS FOR AND BENEFITS TO THE GROUP

The Group is one of the leading manufacturers of PCBs for the notebook computer industry worldwide.

The Directors (including the independent non-executive Directors) consider that the terms of the Purchase Agreements (which are not inter-conditional upon each other) are in the interests of the Company and the Shareholders as a whole after taking into account the following reasons:

- (i) the Purchases enable the Group to obtain the required equipment at relatively low costs. Further, the Equipment to be sold to the Group would enable the Group to meet the Company's quality standards;
- (ii) the Purchases enable the Group to obtain the required equipment in a shorter timeframe when compared with purchasing such equipment on the market. Further, as HannStar Taiwan undertakes to assist the Group in the installation procedures under the Purchase Agreements, the time for completion of the installation procedures of the Equipment will be shorter and therefore the Group may commence deploying and using the Equipment for production sooner; and
- (iii) the Equipment enables the Group to further increase its PCB production efficiency, thus enhancing its production capacity and competitiveness and bringing new development opportunities to the Group.

LISTING RULE IMPLICATIONS

As at the date of this announcement, HannStar Taiwan, through its wholly-owned subsidiary, HannStar BVI, holds approximately 74.99% issued share capital of the Company. HannStar Taiwan is a controlling shareholder of the Company. Pursuant to the Listing Rules, HannStar Taiwan is a connected person of the Company and therefore, the transactions contemplated under the Purchase Agreements will constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that each of the applicable percentage ratios (other than the profit ratio) in respect of the aggregate amount of the Purchases and the purchase on 10 January 2011 as mentioned in the paragraph headed "Aggregation of Transactions" of this announcement is more than 0.1% but less than 5%, the transactions under the Purchase Agreements will be exempt from the independent shareholders' approval requirements but subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the transactions under the Purchase Agreements were entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms between HannStar Jiangyin, Hannstar Precision and HannStar Taiwan which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Save that (i) Mr. Yeh is interested in 0.06% shareholding in HannStar Taiwan and (ii) Mr. Chang holds 0.01% of Walsin Technology Corporation which controls the board of directors of HannStar Taiwan, no other Director has material interest in the Purchases. Accordingly, Mr. Yeh and Mr. Chang abstained from voting on the board resolutions approving the Purchases.

INFORMATION OF THE GROUP

The Group is one of the leading manufacturers of PCBs for the notebook computer industry worldwide. The Group produces a wide range of double-sided PCBs and multi-layer PCBs of up to 12 layers which are principally used in notebook computers. The Group also supplies PCBs for the consumer electronics and communication industries for the use in game consoles, STBs, servers and mobile phones.

INFORMATION OF HANNSTAR TAIWAN

HannStar Taiwan was incorporated as a limited liability company in Taiwan on 22 March 1989. It is currently listed on the Taiwan Stock Exchange. The principal business of HannStar Taiwan has been the production and sale of PCBs since its establishment. As at the date of this announcement, HannStar Taiwan has two PCB production plants in Taiwan with an aggregate monthly production capacity of 350,000 sq.ft. of PCBs.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	HannStar Board International Holdings Limited (瀚宇博德國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equipment”	the First Equipment and the Second Equipment
“First Equipment Purchase Agreement”	the agreement dated 27 April 2011 entered into between HannStar Jiangyin and HannStar Taiwan

“First Equipment”	the equipment to be sold by HannStar Taiwan to HannStar Jiangyin under the First Equipment Purchase Agreement
“Group”	the Company and its subsidiaries
“HannStar BVI”	HannStar Board (BVI) Holdings Corp., a company incorporated in the British Virgin Islands on 31 December 2001, the immediate holding company of the Company and a direct wholly-owned subsidiary of HannStar Taiwan
“HannStar Jiangyin”	HannStar Board Technology (Jiangyin) Corp. (瀚宇博德科技(江陰)有限公司), a wholly-foreign owned enterprise established in the PRC on 19 April 2002 and an indirect wholly-owned subsidiary of the Company
“HannStar Precision”	HannStar Precision Technology (Jiangyin) Corporation (瀚宇精密科技(江陰)有限公司), a wholly-foreign owned enterprise established in the PRC on 15 December 2005 and an indirect wholly-owned subsidiary of the Company
“HannStar Taiwan”	HannStar Board Corporation (瀚宇博德股份有限公司), a company incorporated in Taiwan with limited liability on 22 March 1989 and whose shares are listed on Taiwan Stock Exchange. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, HannStar Taiwan is owned as to approximately 21.04% by Walsin Technology Corporation (華新科技股份有限公司) and its associate, as to approximately 29.92% by Walsin Lihwa Corporation (華新麗華股份有限公司) and its wholly-owned subsidiary, as to approximately 2.97% by Mr. Chiao and his relatives, as to approximately 0.02% by Mr. Lai, as to approximately 0.04% by Mr. Shu, as to approximately 0.06% by Mr. Yeh and as to approximately 0.01% by Mr. Zhong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chang”	Mr. Chang Chia-ning (張家寧先生), a Director
“Mr. Chiao”	Mr. Chiao Yu-heng (焦佑衡先生), a director of HannStar Board (SAMOA) Holdings Corp., HannStar Board Holdings (Hong Kong) Limited, HannStar Board International (Singapore) Private Limited, HannStar Jiangyin and HannStar Precision, all of which are wholly-owned subsidiaries of the Company. Mr. Chiao was also a non-executive Director of the Company prior to 30 September 2010 and retired as a director of Walsin Board Corporation, a wholly-owned subsidiary of the Company, on 27 April 2011

“Mr. Lai”	Mr. Lai Wei-chen (賴偉珍先生), a director of HannStar Board (SAMOA) Holdings Corp. and Walsin Board Corporation, both of which are wholly-owned subsidiaries of the Company
“Mr. Shu”	Mr. Shu Yao-shien(束耀先先生), a director of HannStar Board International (Singapore) Private Limited, HannStar Jiangyin and HannStar Precision, all of which are wholly-owned subsidiaries of the Company
“Mr. Yeh”	Mr. Yeh Shin-jiin (葉新錦先生), an executive Director of the Company and a director of HannStar Jiangyin and HannStar Precision
“Mr. Zhong”	Mr. Zhong Qiang (鍾強先生), a director of HannStar Precision
“PCB”	printed circuit board, the board that the electronics is mounted on, usually made from a copper-coated insulator that has the circuit chemically etched onto one or both sides. The board is then drilled and the components are fitted into the holes and then soldered to the remaining copper
“PRC”	the People’s Republic of China
“Purchases”	the purchase of the First Equipment and the Second Equipment subject to the terms and conditions of the Purchase Agreements
“Purchase Agreements”	the First Equipment Agreement and the Second Equipment Agreement
“Second Equipment”	the equipment to be sold by HannStar Taiwan to HannStar Precision under the Second Equipment Purchase Agreement
“Second Equipment Purchase Agreement”	the agreement dated 27 April 2011 entered into between HannStar Precision and HannStar Taiwan
“Shareholders”	the registered holder(s) of the Company’s share(s)
“STB”	acronym for set-top box, a device that connects to a television and some external source of signal, and turns the signal into content, which is then displayed on the screen
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Taiwan GAAP”	generally accepted accounting principles in Taiwan
“Taiwan Stock Exchange”	the Taiwan Stock Exchange Corporation
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

By order 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 Board of the Company comprises the following Directors:

Executive Director: Mr. Yeh Shin-jiin

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

Independent Mr. Chao Yuan-san, Ms. Chen Shun Zu, Deborah, Mr. Yeh Yu-an,

Non-executive Directors: Ms. Chang Pi-lan and Mr. Yen Chin-chang