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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)

CONTINUING CONNECTED TRANSACTIONS

On 13 June 2011, the Company entered into the Framework Agreement with HannStar Taiwan pursuant to which (i) upon the request of the Group, Hannstar Taiwan agreed to sell, or procure members of the Parent Group to sell PCB Products to the Group; and (ii) upon the request of the Group, the Company agreed to sell, or procure its subsidiaries to sell PCB Products to the Parent Group.

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 transactions between the Group and the Parent Group as contemplated under the Framework Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable ratios under the annual cap amounts of the transactions contemplated under the Framework Agreement will exceed 0.1% but less than 5%, the Framework Agreement will be subject to the reporting and announcement requirements but will be exempt from Independent Shareholders' approval requirement pursuant to the Listing Rules.

FRAMEWORK AGREEMENT

Date: 13 June 2011

Parties: The Company

HannStar Taiwan, 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.

Scope: Pursuant to the Framework Agreement, (i) upon the request of the Group, Hannstar Taiwan agreed to sell, or procure members of the Parent Group to sell PCB Products to the Group; and (ii) upon the request of the Group, the Company agreed to sell, or procure its subsidiaries to sell PCB Products to the Parent Group.

- Term: The term of the Framework Agreement is from 13 June 2011 to 31 December 2013.
- Terms of the transactions: The terms of the transactions will be determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Group than terms available from Independent Third Parties. The prices under each transaction will be determined in accordance with the prevailing market price of the PCB Products.
- Historical transaction amount: For the period between July 2010 and December 2010, the Parent Group had purchased PCB Products from the Group in the sum of US\$34,637. For the period between January 2011 and May 2011, the Parent Group had purchased PCB Products from the Group in the sum of US\$1,839,483.
- Annual cap amounts for the transactions:
- (i) The annual cap amount for the sale of PCB Products by the Group to the Parent Group will be US\$5,600,000 (which is equivalent to approximately HK\$43,568,000) for each of the three financial years ending 31 December 2013. The said annual cap amounts are determined by reference to (a) the estimated request to be made by the Group to sell its PCB Products to the Parent Group during such periods; and (b) the prevailing market price of such PCB Products.
 - (ii) The annual cap amount for the purchase of PCB Products by the Group from the Parent Group will be US\$400,000 (which is equivalent to approximately HK\$3,112,000) for each of the three financial years ending 31 December 2013. The said annual cap amounts are determined by reference to (a) the estimated amount of the PCB Products required by the Group taking into account (i) the Group's existing and expected future orders; (ii) the Group's existing stocks of the PCB Products and (iii) the estimated amount of procurement of the PCB Products by the Group from the Independent Third Parties; and (b) the prevailing market price of such PCB Products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

Both the Group and the Parent Group are engaged in the production of PCBs. Depending on the number of the orders received by each of them at a particular time, their demand for certain PCB Products may be different from time to time. The Framework Agreement enables the Group to purchase certain PCB Products that the Group requires at the prevailing market price from the Parent Group, which can be done within a shorter timeframe when compared with purchasing such PCB Products from Independent Third Parties. Further, the Group may sell PCB Products to the Parent Group on terms no less favourable to the Group than terms available from Independent Third Parties, which enables the Group to generate additional profits.

The transactions contemplated under the Framework Agreement will be entered into in the usual and ordinary course of business of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement have been negotiated on arm's length basis and the transactions contemplated thereunder will be conducted on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that as far as the Independent Shareholders are concerned, the terms of the Framework Agreement are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

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.

IMPLICATIONS OF THE LISTING RULES

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 transactions between the Group and the Parent Group as contemplated under the Framework Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable ratios under the annual cap amounts of the transactions contemplated under the Framework Agreement will exceed 0.1% but less than 5%, the Framework Agreement will be subject to the reporting and announcement requirements but will be exempt from Independent Shareholders' approval requirement pursuant to the Listing Rules.

Save that (i) Mr. Yeh Shin-jiin, an executive Director, is interested in 0.06% shareholding in HannStar Taiwan; (ii) Mr. Lai Wei-chen, an executive Director, is interested in 0.02% shareholding in HannStar Taiwan; (iii) Mr. Chen Kuen-hwang, an executive Director, is interested in 0.01% shareholding in HannStar Taiwan; and (iv) Mr. Chang Chia-ning, a non-executive Director, holds 0.01% of Walsin Technology Corporation which controls the board of directors of HannStar Taiwan, no other Director has material interest in the transactions contemplated under the Framework Agreement. Accordingly, Mr. Yeh Shin-jiin, Mr. Lai Wei-chen, Mr. Chen Kuen-hwang and Mr. Chang Chia-ning abstained from voting on the board resolutions approving the said transactions.

DEFINITIONS

In this announcement, the following expressions will have the following meanings unless the context otherwise requires:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“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
“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 13 June 2011 entered into between the Company and Hannstar Taiwan in connection with the sale and purchase of PCB Products
“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 Yu-heng and his relatives, as to approximately 0.02% by Mr. Lai Wei-chen, as to approximately 0.04% by Mr. Shu Yao-shien, as to approximately 0.06% by Mr. Yeh Shin-jiin and as to approximately 0.01% by each of Mr. Zhong Qiang and Mr. Chen Kuen-hwang
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, not connected with the Company and its connected persons
“Independent Shareholders”	Shareholders other than the Parent Group

“Parent Group”	Hannstar Taiwan, its subsidiaries and associates
“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
“PCB Products”	PCB together with its spare parts and raw materials
“Shareholder(s)”	the registered shareholder(s) of the Company’s share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Taiwan Stock Exchange”	the Taiwan Stock Exchange Corporation
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

For the purpose of illustration only, the translation of US dollars into Hong Kong dollars is based on the exchange rate of US\$1.00 to HK\$7.78.

For and on behalf of the Board
HannStar Board International Holdings Limited
瀚宇博德國際控股有限公司
Chao Yuan-san
Independent Non-executive Director

13 June 2011

As at the date of this announcement, the Board of the Company comprises the following Directors:

<i>Executive Directors:</i>	<i>Mr. Yeh Shin-jiin, Mr. Lai Wei-chen and Mr. Chen Kuen-hwang</i>
<i>Non-executive Directors:</i>	<i>Mr. Chang Chia-ning and Ms. Cao Jianhua</i>
<i>Independent Non-executive Directors:</i>	<i>Mr. Chao Yuan-san, Ms. Chen Shun Zu, Deborah, Mr. Yeh Yu-an, Ms. Chang Pi-lan and Mr. Yen Chin-chang</i>