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 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 nine months ended 30 September 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2011

	Nine months ended 30 September	
	2011	2010
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Revenue	**604,218**	507,304
Cost of sales	**(566,909)**	(465,714)
Gross profit	**37,309**	41,590
Other income	**26,992**	14,475
Other gains and losses	**(555)**	383
Losses from fire	**(12,866)**	-
Distribution and selling expenses	**(16,308)**	(9,275)
Administrative expenses	**(22,506)**	(16,325)
Finance costs	**(4,203)**	(2,438)
Profit before taxation	**7,863**	28,410
Taxation	**(3,188)**	(5,179)
Profit for the period	**4,675**	23,231
Other comprehensive income		
Exchange differences arising on translation to presentation currency	**18,977**	7,576
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale investments	-	(716)
Fair value adjustment on available-for-sale investments	-	(554)
Total comprehensive income for the period	**23,652**	29,537
Earnings per share (US$) - Basic	**0.004**	0.018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	At 30 September 2011 US$'000 (unaudited)	At 31 December 2010 US$'000 (audited)
NON-CURRENT ASSETS		
Property, plant and equipment	**395,366**	392,086
Prepaid lease payments	**5,688**	5,556
Deferred tax assets	**1,900**	-
	402,954	397,642
CURRENT ASSETS		
Inventories	**58,539**	55,438
Trade and other receivables	**329,279**	250,229
Prepaid lease payments	**136**	131
Amount due from immediate holding company	**6**	-
Derivative financial instruments	**500**	1,273
Bank balances and cash	**279,887**	169,756
	668,347	476,827
CURRENT LIABILITIES		
Trade and other payables	**219,100**	181,463
Amount due to ultimate holding company	**6,098**	1,969
Derivative financial instruments	**-**	243
Tax liabilities	**4,746**	2,329
Bank borrowings - due within one year	**227,776**	106,058
	457,720	292,062
NET CURRENT ASSETS	**210,627**	184,765
TOTAL ASSETS LESS CURRENT LIABILITIES	**613,581**	582,407
NON-CURRENT LIABILITY		
Bank borrowings - due after one year	**223,323**	212,087
NET ASSETS	**390,258**	370,320
CAPITAL AND RESERVES		
Share capital	**16,925**	16,925
Reserves	**373,333**	353,395
	390,258	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 (the “Stock Exchange”)(the “Listing Rules”) 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 30 September 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.

BUSINESS AND FINANCIAL REVIEW

For the third quarter of 2011, the Group recorded an unaudited revenue of approximately US$604.2 million, representing an increase of 19.1% as compared with approximately US$507.3 million for the same period of 2010. The gross profit for the nine months ended 2011 dropped to approximately US$37.3 million from approximately US$41.6 million for the same period of 2010, decreased by 10.3%. PBIT (represents profit before taxation and finance costs) of the third quarter of 2011 dropped to approximately US$12.1 million, compared with the profit of approximately US$30.8 million for the same period of 2010. The net profit for the third quarter of 2011 amounted to approximately US$4.7 million, decreased by 79.9% as compared with the profit of US$23.2 million for the same period of 2010. Basic earnings per share for the period was US$0.004, decreased by US$0.014 compared with US$0.018 for the same period of 2010.

The significant decline in profit for the period ended 30 September 2011 as compared with that of the same period of 2010 was primarily due to the continuing rising of copper price, escalating cost in labor and the appreciation of Renminbi.

Current capital and financial resources

As at 30 September 2011, the Group’s total assets were approximately US$1,071.3 million, which were increased by 22.5% as compared with approximately US$874.5 million as at 31 December 2010. The debt ratio of the Group was 63.6% as at 30 September 2011, increased by approximately 590 basis point compared with 57.7% as at 31 December 2010.

As at 30 September 2011, the bank borrowings of the Group denominated in US dollars were approximately US$451.1 million, of which US$227.8 million is due within one year while US$223.3 million is due after one year. Compared with approximately US$318.1 million as at 31 December 2010, the bank borrowings rose 41.8%.

The Group’s gearing ratio (calculated as bank borrowings divided by total assets) as at 30 September 2011 was approximately 42.1%, increased by approximately 5.7% compared with approximately 36.4% as at 31 December 2010.

Working capital

The inventory amount was approximately US$58.5 million as at 30 September 2011 (as at 31 December 2010: approximately US$55.4 million). The average inventory turnover period was 28 days, decreased by 5 days compared with 33 days for the year 2010.

The accounts receivable amounted to approximately US$303.1 million as at 30 September 2011 (as at 31 December 2010: approximately US$230.9 million). The average accounts receivable credit period was 121 days, decreased by 1 day compared with 122 days for the year 2010.

The accounts payable amounted to approximately US$173.3 million as at 30 September 2011 (as at 31 December 2010: approximately US$132.2 million). The average accounts payable credit period was 74 days, increased by 1 day compared with 73 days for the year 2010.

According to the periods calculated above, the average cash conversion cycle was 75 days, compared with 82 days of 2010, decreased by 7 days.

Bank balances and cash

The amounts of bank balances and cash denominated in US dollars were approximately US$279.9 million as at 30 September 2011 (as at 31 December 2010: approximately US$169.8 million). The Group kept moderate cash reserves to meet the operational requirement.

Future Prospect

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-end value;
2. speed up to explore new source of customers to develop new business opportunities.

Privatisation

On 5 August 2011, HannStar Board (BVI) Holdings Corp. ("HannStar BVI"), the direct holding company of the Company, requested the Board to put forward a proposal for the proposed privatisation of the Company by HannStar BVI (the "Proposal") by way of a scheme of arrangement under section 86 of the Companies Law of the Cayman Islands (the "Scheme"). The Scheme Shareholders whose names appear on the register of members of the Company as at 4:00 p.m. on 8 December 2011 will be entitled to receive from HannStar BVI HK$1.25 in cash as the consideration for every Scheme Share cancelled. The Scheme and the related matters were approved at the Court Meeting and the Extraordinary General Meeting of the Company both held on 7 October 2011.

Subject to the Scheme being duly sanctioned by the Grand Court of the Cayman Islands and all the other conditions stated in the Scheme Document being fulfilled or waived, as applicable, it is expected that the Scheme will become effective on 8 December 2011 and the listing of the shares of the Company on the Stock Exchange will be withdrawn with effect from 9:00 a.m. on 9 December 2011 in accordance with Rule 6.15 of the Listing Rules. Therefore, the Scheme, and thus the Proposal, may or may not become effective.

(Unless the context otherwise requires, terms defined in the Scheme Document dated 14 September 2011 have the same meanings when used in this announcement.)

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 October 2011

As at the date of this announcement, the directors of the Company are:
Executive Directors: Mr. Yeh Shin-jiin, Mr. Lai Wei-chen and Mr. Chen Kuen-hwang
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