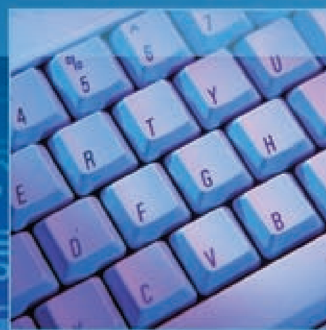
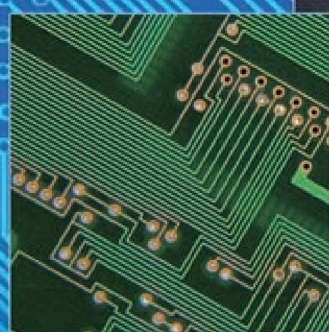
HannStar Board International Holdings Limited

瀚宇博德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00667





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ANNUAL REPORT

Contents

Corporate Information

DIRECTORS

Executive Director

Mr. Yeh Shin-jiin (葉新錦)
(Chief Executive Officer)

Non-executive Directors

Mr. Chiao Yu-heng (焦佑衡) *(Chairman)*
Ms. Cao Jianhua (曹建華)

Independent Non-executive Directors

Mr. Chao Yuan-san (趙元山)
Ms. Chen Shun Zu Deborah (陳淳如)
Mr. Yeh Yu-an (葉育恩)
Ms. Chang Pi-lan (張碧蘭)
Mr. Yen Chin-chang (嚴金章)

AUDIT COMMITTEE

Mr. Chao Yuan-san (趙元山) *(Chairman)*
Ms. Chen Shun Zu Deborah (陳淳如)
Mr. Yeh Yu-an (葉育恩)
Ms. Chang Pi-lan (張碧蘭)
Mr. Yen Chin-chang (嚴金章)

REMUNERATION COMMITTEE

Mr. Chiao Yu-heng (焦佑衡) *(Chairman)*
Mr. Chao Yuan-san (趙元山)
Ms. Chen Shun Zu Deborah (陳淳如)
Mr. Yeh Yu-an (葉育恩)
Ms. Chang Pi-lan (張碧蘭)
Mr. Yen Chin-chang (嚴金章)

COMPANY SECRETARY

Ms. Cheng Pik Yuk (鄭碧玉) *(FCIS, FCS) (PE)*

AUTHORISED REPRESENTATIVES

Mr. Yeh Shin-jiin (葉新錦)
Mr. Chiao Yu-heng (焦佑衡)

SHARE LISTING

The Company's shares are listed
on the Main Board of
The Stock Exchange of Hong Kong Limited
under Stock Code No. 00667

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN PEOPLE'S REPUBLIC OF CHINA

No. 97, Chengjiang Dong Road
Jiangyin City
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Far Eastern International Bank
Taishin International Bank
Agricultural Bank of China Jiangyin Sub-branch
Bank of China Limited Jiangyin Sub-branch
Australia and New Zealand Banking Group Limited Shanghai Branch
The Hongkong and Shanghai Banking Corporation Limited OBU Branch

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Dear Shareholders:

Year 2009 was a tough and rewarding year. Through hard work, we performed well and we are building HannStar as a company that can deliver meaningful value to our customers and shareholders in the long term.

During the year, the performance was improved from the second quarter and the results for the whole year were fruitful. The net profit for the year made another record in the Group's history, though the revenue fell compared with Year 2008. The financial position also grew stronger than last year. A lean cost structure emerged and we committed to eliminate all costs that are not core to the company's success. Additionally, we made solid progress on a number of core initiatives, including production and quality improvement.

While we have made such progress, there is still much work to do. With the foundation of the new plant built in October 2009, we continued implementing a multi-year strategy to create the world's leading PCB supplier. HannStar gained key share in notebook mainboard PCB market in the past years and is continuing to show our efforts in other PCB application segment to diversify revenue base. We are pursuing HDI technology to strengthen our presence in the new market to satisfy our customers.

We expect that HannStar has the ability to differentiate it from competitors and to be a stronger force in the industry. It is the goal that we must challenge and achieve by numerous efforts. We believe we can present you such results in the future.

I wish all the best for you and appreciate you all for your investment in HannStar.

Sincerely yours,

Chiao Yu-heng
Chairman

The Board of Directors ("the Board") of HannStar Board International Holdings Limited (the "Company") is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2009.

The Company recognizes good governance as an essential component of the development of the Company and had, basing on the Principles and Code Provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), established the Company's corporate governance practices appropriate to the conduct and growth of its business.

During the year, the Company has fully complied with all the Code Provisions set out in the CG Code except Code Provision E.1.2 which requires the chairman of the board to attend the annual general meetings. Mr. Chiao Yu-heng, the chairman of the board, was absent from the 2009 annual general meeting of the Company because of an unanticipated business commitment.

The key corporate governance principles and practices of the Company are summarized as follows:

THE BOARD

Roles and Responsibilities

The Board is responsible for the leadership and control of the Company and promoting the success of the Company.

Principal responsibilities of the Board including:

- to make decision on the Company's mission, objectives and overall strategies as well as to monitor the implementation;
- to appoint directors and senior executives;
- to determine the appropriate internal control and risk management systems;
- to approve annual budgets and control operational and financial performance; and
- to determine the material transactions (in particular those may involve conflict of interests) and other significant financial and operational matters.

The Board has delegated to the senior management the authority and responsibilities for the day-to-day management and operations of the Company and its subsidiaries. In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities set out in their terms of reference respectively.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

THE BOARD (continued)

Board Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board currently comprises eight members, consisting of one executive director, two non-executive directors and five independent non-executive directors. Biographical details of the directors are set out in the "Biographies of Directors and Senior Management" on pages 14 to 16 of the Annual Report. None of the members of the Board is related to one another.

The Board has at all times exceeded the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has met the recommended best practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive directors.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. The positions of the Chairman and the Chief Executive Officer are held by Mr. Chiao Yu-heng and Mr. Yeh Shin-jiin respectively. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practices. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and that all key and appropriate issues are discussed by the Board in a timely manner.

The Chief Executive Officer focuses on implementing objectives and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations.

THE BOARD (continued)

Appointment and Succession Planning of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

Each of the directors of the Company is engaged on a service contract for a term of three years until determined by not less than three months' written notice (for executive director and non-executive directors) and two months' written notice (for independent non-executive directors) served by either party.

In accordance with the Company's Articles of Association (the "Articles"), Mr. Chao Yuan-san, Ms. Chang Pi-lan and Mr. Yen Chin-chang shall retire at the forthcoming 2010 annual general meeting (the "2010 AGM"). All retiring directors, being eligible, offer themselves for re-election at the 2010 AGM. The Board also recommended the re-appointment of the directors standing for re-election at the 2010 AGM.

The Company's circular dated 8 April 2010 contains detailed information of the directors standing for re-election.

Induction and Continuing Development for Directors

The Company has conducted corporate governance training to all of the directors. Each newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

THE BOARD (continued)

Board Meetings

The Company has held five board meetings, four of which were regular meetings, during the year ended 31 December 2009.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before the Board meetings to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection. The minutes also record in sufficient detail the matters considered and decisions reached.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

BOARD COMMITTEES

The Board has established two committees, namely the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. Both Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are available to shareholders upon request and available on the Company's website.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

The Remuneration Committee consists of six members, five of whom are independent non-executive directors and one non-executive director, Mr. Chiao Yu-heng, who is the chairman of the Committee.

The primary objectives of the Remuneration Committee include reviewing and making recommendation on the policy and structure of the remuneration for the directors and senior management. The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure and to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets towards the end of each year for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the directors and the senior management and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on the remuneration policy and structure and the remuneration packages.

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

The Remuneration Committee has held one meeting during the year ended 31 December 2009. The following is a summary of the work performed by the Remuneration Committee during the year:

- reviewed and assessed executive director's performance during the year and approved the performance-based remuneration offered by the Company with reference to operation objectives;
- recommended remuneration package of non-executive directors to the Board;
- reviewed the Group's policy on the reimbursement of expenses to Directors and senior management.

Audit Committee

The Audit Committee comprises the five independent non-executive directors with Mr. Chao Yuan-san as the chairman. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the internal auditor or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the year ended 31 December 2009 to discuss the financial reporting and compliance procedures system with the external auditors and review the internal control system, and annual financial results for the year ended 31 December 2008 as well as the interim results for the six months ended 30 June 2009.

The Company's annual results for the year ended 31 December 2009 has been reviewed by the Audit Committee. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the external auditors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2009.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by employees (the "Employees Written Guidelines") who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2009.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in "Independent Auditor's Report" on pages 23 to 24 of the Annual Report.

INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness. The Board is also responsible for maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Company has developed its systems of internal control including financial, operational and compliance controls and risk management. The internal audit is performed on a quarterly basis. The Audit Committee receives the internal audit report including procedures implemented after the audit. The Audit Committee reports to the Board on any material issues and makes recommendations to the Board based on the work performed by the internal auditor. During the year ended 31 December 2009, the Board has conducted an annual review of the effectiveness of the system of internal control of the Company and its subsidiaries.

AUDITORS' REMUNERATION

The remuneration paid to Deloitte Touche Tohmatsu Certified Public Accountants ("Deloitte"), the external auditors of the Company, in respect of audit services for the year ended 31 December 2009 amounted to HK$1,060,000. Deloitte also provided the Company with 2009 interim review service and a fee amounted to HK$150,000 was paid by the Company.

SHAREHOLDERS' RIGHTS

The rights of shareholders are contained in the Company's Articles.

The general meetings of the Company provide a forum for communication between the shareholders and the Board. Directors are available to answer questions at the shareholders' meetings.

Separate resolutions have been proposed at the general meetings on each substantial issue, including the re-election of the retiring directors and the election of new director, if any.

MEETINGS ATTENDANCE RECORD

The following table summarizes the meetings attendance record of the Company's Board and Committee meetings held during the year ended 31 December 2009.

Meetings attended/held in 2009

	Board	**Audit Committee**	**Remuneration Committee**
Number of meetings held during the year	5	2	1
Executive Directors			
Mr. Yeh Shin-jiin	4	N/A	N/A
Mr. Chen Cheng-chieh *(resigned on 16 July 2009)*	0[1]	N/A	N/A
Non-executive Directors			
Mr. Chiao Yu-heng	5	N/A	1
Mr. Ho Ai-tang Simon *(retired on 15 May 2009)*	0[2]	N/A	N/A
Ms. Cao Jianhua *(elected on 15 May 2009)*	3[3]	N/A	N/A
Independent Non-executive Directors			
Mr. Chao Yuan-san	5	2	1
Ms. Chen Shun Zu Deborah	4	2	1
Mr. Yeh Yu-an	5	2	1
Ms. Chang Pi-lan	4	1	1
Mr. Yen Chin-chang	5	2	1

1 Only 2 meetings held during his tenure of directorship

2 Only 2 meetings held during his tenure of directorship

3 Only 3 meetings held during her tenure of directorship

OVERVIEW

We are a leading global printed circuit board ("PCB") supplier for notebook computers and electronics industry. Our offerings currently focus on notebook PCB and we are endeavoring to diversify our product application range and expand customer base. Based on the relevant statistics, we estimate we possess over 40% market share in the worldwide notebook PCB industry and believe this status will be kept on going in the future.

FINANCIAL REVIEW

Performance Review

For the year 2009, revenue was US$569 million, a decrease of 9% from US$623 million in 2008. The low sales volume in the first quarter due to the 2008 financial crisis had dragged the annual sales down but the situation was improved from the middle of the year. Currently, the notebook application and other applications account for 70% and 30% of the revenue respectively.

Total gross profit was US$83 million in 2009, decreased slightly from US$85 million in 2008. Compared with the sales figure, we may see the improvement of cost structure and implementation of effective procurement control during the year.

The total distribution and administrative expenses decreased US$8.5 million, approximately 21% to US$31.5 million from US$40 million in 2008 as we tightened the expenditure control during the year.

The income from scrap sales decreased US$9.1 million to US$11.6 million from US$20.7 million in 2008, and the total other income decreased 44% to US$17 million from US$30 million in 2008.

With the clearing of the income tax issue of Plant 4 of HannStar Board Technology (Jiangyin) Corp. 瀚宇博德科技（江陰）有限公司 ("HannStar Jiangyin"), we reversed the tax provision for Plant 4 in 2009 and so the income tax expense decreased 81% to US$2 million from US$12 million in 2008.

As a combination of the improved cost structure, expenditure control and favorable income taxes, the net profit increased in the year. Net profit grew up 21% to US$61 million from US$51 million in 2008 and earnings per share was US 4.7 cents. The result was the best in the history of the Group.

FINANCIAL POSITION

By the year end of 2009, the financial position was stronger than the past. The debt ratio was 53%, down 7% from 60% of year 2008; the current ratio was up 42% to 157% from 115% of year 2008; and the gearing ratio (calculated as bank borrowings divided by total assets) was down 8% to 33% from 41% of year 2008.

Liquidity, Financial Resources and Capital Structure

We use cash generated by operations as our primary source of liquidity; we believe that internally generated cash flows are generally sufficient to support business operations, capital expenditures and payment of shareholder dividends, in addition to a level of discretionary investments. We are able to supplement this short-term liquidity, if necessary, with broad access to credit facilities made available by various foreign and domestic banks.

The Company and its subsidiaries (the "Group") keeps a moderate bank balances and cash for operation requirement. The amount of bank balances and cash was US$96 million by the end of year 2009, a slight decrease from US$102 million of 2008. To maximize the return of our assets, we take cash management seriously and negotiate with the banks for favorable interest rates. During the year, the bank deposits carry interest at the rates ranging from 0.36% to 0.5%, and the total bank interest income was US$2.9 million (2008: US$3.6 million).

Our working capital requirements depend upon our effective management of the cash conversion cycle, which represents effectively the number of days that elapse from the day we pay for the purchase of raw materials to the collection of cash from our customers.

FINANCIAL POSITION (continued)

Liquidity, Financial Resources and Capital Structure (continued)

The inventory amount was US$57 million as at 31 December 2009 (2008: US$34 million). The inventory turnover period was 34 days, increased by 2 days compared with 32 days of 2008.

The accounts receivable amounted to US$222 million as at 31 December 2009 (2008: US$197 million). The accounts receivable credit period was 132 days, an increase of 15 days compared with 117 days of 2008.

The accounts payable amounted to US$118 million as at 31 December 2009 (2008: US$95 million). The accounts payable credit period was 79 days, a decrease of 9 days from 88 days of 2008.

According to the periods calculated above, the cash conversion cycle was 87 days compared with 61 days of 2008, an increase of 26 days. The increase in the cycle days was due to the expansion of our customer base and the earlier payment to the supplier to get more purchase discount.

We determine debt levels after consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans and our overall cost of capital.

As at 31 December 2009, total bank borrowings of the Group were US$242 million (2008: US$292 million), of which US$103 million is due within 1 year while all borrowings should be repaid within 5 years. During the year, the Group repaid net bank borrowings of US$50 million. The effective interest rate was 1.55% annually compared with 4.14% in 2008.

Investment

During the year, the Group acquired approximately 7.5% of the existing issued share capital of Info-Tek Corporation, a company focusing on PCB assembly business, for long-term investment. It is the first investment we take for extending our perspective of the whole industry chain.

Exposure to fluctuations in exchange rates

The Group's main operation facilities including HannStar Jiangyin and HannStar Precision Technology (Jiangyin) Corporation 瀚宇精密科技（江陰）有限公司 ("HannStar Precision"), are located in mainland China. These subsidiaries adopt RMB as its functional currency while most of the operations were settled in USD. The bank borrowings are also mainly dominated in USD. During the last two years, the Company recorded net foreign exchange gain of US$0.8 million and US$5.4 million respectively as the rate change of the USD. The net exchange gains decreased sharply in the year mainly because of the stable exchange rate. We will monitor the foreign exchange policy closely to avoid any exchange risk, other arrangement such as forward contract may also be adopted.

EMPLOYEE AND REMUNERATION

As at 31 December 2009, the Group had over 9,000 full-time employees based in the PRC and overseas. During the year, the relevant employee costs (including directors' remuneration) were approximately US$40.5 million (2008: US$34.9 million). The remuneration of each staff was determined on the basis of his qualification, performance and experience. The Group also provides other benefits such as medical coverage and training to keep a steady work force.

During the year, no option has been granted or agreed to be granted to any person under the share option scheme adopted by the Company on 21 September 2006.

BUSINESS REVIEW AND OUTLOOK

As a leading PCB manufacturer with application focus, the Group furthered its manufacturing technology and customer service during the year. As a bellwether of the notebook PCB supplier, we will keep our high market share compared to the competitors. Keeping pace with this position, our competitive advantage and reasonable return will continue.

The current monthly production capacity includes high density interconnect ("HDI") process was 5.35 million square feet at the end of 2009. As we continue to make investments to support customers and drive growth, the construction of a new plant is underway in our Jiangyin base, which is scheduled for volume production in the third quarter of 2010 and the maximum monthly production capacity will be 1.5 million square feet. From the management's view, it is necessary to consolidate our domination in the notebook PCB industry.

Along with the debut of Windows 7, the computer industry predicts the tide of the notebook upgrade. We may follow the trend closely and react quickly for the new chance.

As an effort to diversify the products application, we will devote more resources such as promotion and engineering in applications other than notebook PCB in the year 2010. We hope the second focus of our products will emerge after our hard work.

As we see the global economy turnaround in the beginning of 2010, the operation still challenges the Group. We will endeavor to improve the operation more effectively and to advance the Company's value for all shareholders in future.

EXECUTIVE DIRECTOR

Mr. Yeh Shin-jiin (葉新錦先生), aged 54, is the Executive Director, Chief Executive Officer and Authorised Representative of the Company. Mr. Yeh is also a director and the general manager of HannStar Jiangyin and a director of HannStar Precision, the Company's indirect subsidiaries. He joined the Group in August 2007. Mr. Yeh is in charge of the day-to-day management and operation of the Group and is responsible for the implementation of the Group's objectives, policies and strategies approved by the Board. Mr. Yeh has over 32 years of experience in the PCB industry. Prior to joining the Group, he was the Executive Vice-President of Compeq Manufacturing (Huizhou) Co., Ltd. (華通電腦（惠州）有限公司), a subsidiary of Compeq Manufacturing Company Limited (華通電腦股份有限公司) from November 2003 to June 2007. He graduated with a degree of master of business administration (on-job program) from Chung Yuan Christian University (中原大學) in Taiwan in 1990.

NON-EXECUTIVE DIRECTORS

Mr. Chiao Yu-heng (焦佑衡先生), aged 48, is a Non-executive Director, and the Chairman of the Company and the Remuneration Committee and Authorised Representative of the Company. He is also the Chairman or a Director of all subsidiaries of the Company. He joined HannStar Jiangyin in April 2003 as a director. He is also currently the chairman of Walsin Technology Corporation (華新科技股份有限公司) and Walton Advanced Engineering Inc. (華東科技股份有限公司) and a director of Walton Chaintech Corporation (華東承啟科技股份有限公司) and Walsin Lihwa Corporation (華新麗華股份有限公司), all of which are companies listed on the Taiwan Stock Exchange and he is also the chairman of Prosperity Dielectrics Co., Ltd. (信昌電子陶瓷股份有限公司), which is listed on the Gre Tai Securities Market in Taiwan. He is also a director of HannStar Board (BVI) Holdings Corp. ("HannStar BVI"), controlling and substantial shareholder of the Company. He holds a degree in master of business administration in finance from Golden Gate University in the US.

Ms. Cao Jianhua (曹建華女士), aged 57, is a Non-executive Director of the Company. She joined HannStar Jiangyin in April 2002 as a director. Ms. Cao is currently the chairwoman of Walsin (China) Investment Limited (華新(中國)投資有限公司), a subsidiary of Walsin Lihwa Group (華新麗華集團). Ms. Cao was the Vice-mayor of Jiangyin Municipal Government from February 1993 to January 1999. She was a director of Jiangyin Foreign Economy and Trade Committee from October 1987 to January 1993 and Vice-director of Jiangyin Economy and Trade Committee from May 1985 to September 1987. Ms. Cao graduated from East China Normal University (華東師範大學) in 1995 with an on-job master degree majoring in Chinese modern history. She is a senior economist and has extensive experience in economic management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chao Yuan-san (趙元山先生), aged 59, joined the Company since September 2006 as an Independent Non-executive Director of the Company. Mr. Chao is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He has over ten years of experience in the electronic component industry. Since August 2007, Mr. Chao has been appointed as the chairman of Taiwan Microloops Corp. (邁萪科技股份有限公司), a supplier of advanced thermal components for various industries and the chairman of Danen Technology Corporation (達能科技股份有限公司), a company producing ingot and wafer for the solar cell industry. He was the chief financial officer of Worldwide Semiconductor Manufacturing Corp. (世大積體電路股份公司) from January 1997 to June 1998 and the vice-president of China Development Industrial Bank (中華開發工業銀行股份有限公司). Mr. Chao graduated from City University in the US with a bachelor's degree in science in 1981 and is a certified public accountant in the US.

Ms. Chen Shun Zu Deborah (陳淳如女士), aged 46, joined the Company since September 2006 as an Independent Non-executive Director of the Company. Ms. Chen is also a member of the Audit Committee and the Remuneration Committee of the Company. Ms. Chen is currently a director of Alpha Star Limited (昇振有限公司). She was an assistant vice-president in operation of The Hongkong and Shanghai Banking Corporation Limited from January 2002 to October 2004 and a vice-president of Pacific Resources Technology Corporation (太聯科技股份有限公司) and a senior member of Allied Pacific Century Corporation (太平洋聯合股份有限公司) from February 1997 to August 2001. Ms. Chen graduated from University of Southern California in the US with a bachelor of science degree in business administration in 1989.

Mr. Yeh Yu-an (葉育恩先生), aged 48, joined the Company since September 2006 as an Independent Non-executive Director of the Company. Mr. Yeh is also a member of the Audit Committee and the Remuneration Committee of the Company. He served as the chairman of the board of directors of Da-Yeh University (大葉大學) from November 2004 to April 2007. Mr. Yeh received a degree of master of business administration from Loyola Marymount University in the US in 1992. In October 2009, Mr. Yeh was registered as a Certified Management Accountant in Canada and he ceased to serve as a supervisor of the Da Yeh Takashimaya Department Store (大葉高島屋百貨股份有限公司) since March 2009.

Ms. Chang Pi-lan (張碧蘭女士), aged 52, joined the Company since September 2006 as an Independent Non-executive Director of the Company. Ms. Chang is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Chang has served as a director of Walton Chaintech Corporation (華東承啟科技股份有限公司), a company currently listed on the Taiwan Stock Exchange and engaged in the manufacture and sale of motherboards, graphic cards and information appliances, since November 1986 and is currently a director of Walton Chaintech Corporation. During the period she worked for Walton Chaintech Corporation, Ms. Chang gained approximately 20 years of experience in the procurement of PCB products for PCs. Ms. Chang graduated from Fu Jen Catholic University (私立輔仁大學) in Taiwan with a degree in business management.

Mr. Yen Chin-chang (嚴金章先生), aged 48, joined the Company since September 2006 as an Independent Non-executive Director of the Company. Mr. Yen is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Yen has almost 12 years of experience in the PCB industry. He was a sales manager of Shye Feng Name Plate Industrial, Co., Ltd (協峰銘版印刷股份有限公司), a private company engaged in the sale and manufacture of PCBs from May 2004 to May 2005 and a marketing manager of Vertex Precision Electronics Inc. (佳鼎科技股份有限公司), a company currently listed on the Taiwan Stock Exchange and engaged in the sale and manufacture of PCBs from January 2003 to January 2004. Mr. Yen also worked for Lan An Electronics Inc. (連安電子股份有限公司), a private company engaged in the sale and manufacture of PCBs from June 2001 to January 2003 and was a sales manager for Yeti Electronics Co., Ltd (九德電子股份有限公司), a company listed on the Taiwan Stock Exchange and engaged in the sale and manufacture of PCBs from June 1990 to September 1995. Mr. Yen was a project manager of Taiwan Express Co., Ltd. (台灣航空貨運承攬股份有限公司), a private company providing logistics services from August 2005 to August 2006.

SENIOR MANAGEMENT

Ms. Chen Hui-lan (陳會蘭女士), aged 62, is the Chief Financial Officer of the Group. She is also a supervisor of Walsin Board Corporation (華科博德股份有限公司) ("Walsin Board"), the Company's subsidiary. She joined the Group in August 2005. Prior to joining the Group, she had been working in Philips Electronic Building Elements (Taiwan) Ltd. for over 23 years since 1977. Ms. Chen was a special assistant to the general manager of Prosperity Dielectrics Co., Ltd. (信昌電子陶瓷股份有限公司) from 2003 to 2004 and the chief financial officer of HannStar Electronics Corporation (瀚宇電子股份有限公司) from January 2004 to August 2005. Ms. Chen graduated with a bachelor's degree in business administration from National Cheng Kung University (國立成功大學) in Taiwan in 1971. She has extensive experience in the areas of financial advisory.

Mr. Lai Wei-chen (賴偉珍先生), aged 45, is the Vice President of the Group's Quality Center and also a director of HannStar Board (SAMOA) Holdings Corp ("HannStar Samoa") and Walsin Board, the Company's subsidiaries. He joined the Group in April 2002. Prior to joining the Group, he was working in the quality assurance department of Compeq Manufacturing Co., Ltd. from June 1988 to October 1999 and an assistant vice president of the quality assurance centre of HannStar Board Corporation from October 1999 to August 2006. Mr. Lai graduated with a bachelor's degree in management science from National Chiao Tung University (國立交通大學) in Taiwan in 1986. He has 20 years of experience in the field of quality control.

Mr. Chen Kuen Hwang (陳坤煌先生), aged 48, is the Chief Material Management Officer of the Group. He joined the Group in December 2008. Prior to joining the Group, he had been working in Hocheng Corporation (和成欣業股份有限公司) for 7 years since 1988 and was promoted to plant manager from R&D engineer. Mr. Chen joined Walsin Technology Corporation (華新科技股份有限公司) in 1995 with diversified job assignment in production, quality assurance and material management including general manager of Suzhou Walsin Technology Electronics Co., Ltd (蘇州華新電子公司). Mr. Chen graduated with a master degree in Mineral, Metallurgy and Material Engineering from National Cheng Kung University (國立成功大學) in Taiwan in 1985. He has extensive experience in the areas of production and material management.

Mr. Chao Kun-yin (趙冠胤先生), aged 48, is the Sales Director of the Group, joined the Group in July 2006. Prior to joining the Group, he held various positions including section manager, manager and assistant vice president in Walsin Lihwa Corporation from 1988 to 2006. Mr. Chao graduated from mechanical engineering department of Hsinpu Institute of Business and Industry (新埔工專) in 1982.

Mr. Chou Chun-hsien (周俊賢先生), aged 50, is the Manufacturing Director of Production of the Group, joined the Group in July 2007. Prior to joining the Group, he was the manufacturing director of Compeq Manufacturing Co., Ltd from July 1990 to July 2002 and also the manufacturing director of Unimicron Corporation (欣興電子公司) from February 2002 to July 2005. Mr. Chou graduated from Feng Chia University (逢甲大學) in Taiwan with a bachelor's degree in chemical specialty in July 1986.

Mr. Wang Chi-wei (汪志偉先生), aged 37, is the Manufacturing Director of Production of the Group, joined the Group in April 2004 as a deputy manager and was promoted to his current position in April 2007. Prior to joining the Group, he was the section manager of Compeq Manufacturing Co., Ltd. from August 1997 to April 2002 and a manager of Unicap Electronics Industrial Corp. (耀文電子工業股份有限公司) from 2002 to 2003. Mr. Wang graduated with a bachelor's degree in chemical engineering from Chinese Culture University (私立中國文化大學) in Taiwan in 1995.

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 31 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 25.

The directors recommend the payment of a final dividend of HK5.5 cents per share for the year ended 31 December 2009 to the shareholders whose names appear on the register of members on 20 May 2010, amounting to approximately HK$72,394,000 (equivalent to approximately US$9,337,000), and the retention of the remaining profit for the year.

The proposed dividend is subject to the approval of the shareholders at the forthcoming annual general meeting and will be payable on 18 June 2010.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders were as follows:

	2009 **US$'000**	2008 US$'000
Share premium	**58,119**	58,119
Contributed surplus	**82,140**	82,140
Revaluation reserve	**1,270**	–
Retained profits (accumulated losses)	**8,850**	(1,648)
	150,379	138,611

Under the Companies Law of the Cayman Islands, the share premium account, contributed surplus and revaluation reserve are distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Yeh Shin-jiin	
Mr. Chen Cheng-chieh	(resigned on 16 July 2009)

Non-executive Directors

Mr. Chiao Yu-heng *(Chairman)*	
Ms. Cao Jianhua	(elected on 15 May 2009)
Mr. Ho Ai-tang Simon	(retired on 15 May 2009)

Independent Non-executive Directors

Mr. Chao Yuan-san
Ms. Chen Shun Zu Deborah
Mr. Yeh Yu-an
Ms. Chang Pi-lan
Mr. Yen Chin-chang

In accordance with the provisions of the Company's Articles of Association, Mr. Chao Yuan-san, Ms. Chang Pi-lan and Mr. Yen Chin-chang shall retire by rotation at the forthcoming annual general meeting. All the retiring directors, being eligible, offer themselves for re-election at the meeting.

DIRECTORS' SERVICE CONTRACTS

No directors proposed for re-election at the forthcoming annual general meeting has a service agreement which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 25 to the consolidated financial statements.

No option has been granted under the Company's share option scheme since its adoption.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Company's share option scheme disclosed above, at no time during the year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO") shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions:
Ordinary shares of HK$0.1 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
HannStar Board (BVI) Holdings Corp. ("HannStar BVI")	Beneficial owner	987,050,000	74.99%
HannStar Board Corporation ("HannStar Taiwan")	Held by controlled corporation (Note)	987,050,000	74.99%
Walsin Technology Corporation ("Walsin Tech")	Held by controlled corporation (Note)	987,050,000	74.99%

Note: HannStar BVI is wholly-owned by HannStar Taiwan. Walsin Tech and its associates beneficially own approximately 20% of the issued share capital of HannStar Taiwan and have the power to appoint or remove the majority of the members of the Board. HannStar Taiwan and Walsin Tech were deemed to be interested in 987,050,000 shares in the Company which are held by HannStar BVI. Mr. Chiao Yu-heng is also a director of Walsin Tech and HannStar BVI.

Other than as disclosed above, the Company has not been notified of any other notifiable interests or short positions in the shares or underlying shares of the Company as at 31 December 2009.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2009, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions:
Ordinary shares of the associated corporation of the Company:

Name of director	Capacity	Name of associated corporation	Number of issued ordinary shares held	Shareholding percentage
Mr. Chiao Yu-heng	Beneficial owner	HannStar Taiwan	3,130,265	0.78%
Mr. Yeh Shin-jiin	Beneficial owner	HannStar Taiwan	189,102	0.05%

Other than as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as at 31 December 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive directors are independent.

CONNECTED TRANSACTIONS

The directors of the Company, including the independent non-executive directors of the Company, has reviewed and confirmed that the non-exempt continuing connected transactions set out below have been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) either on normal commercial terms or on terms no less favourable than terms available to or from independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Details of the continuing connected transactions of the Company are as follows:

(1) Non-exempt continuing connected transactions

The following transaction constituted non-exempt continuing connected transactions for the Company and thus would be subject to reporting, announcement and independent shareholders' approval requirements under Rule 14A.45 to 14A.48 of the Listing Rules.

New Master Sub-contracting agreement between HannStar Taiwan and the Company

On 23 November 2007, the Company and HannStar Taiwan entered into the New Master Sub-contracting Agreement ("New Master Sub-contracting Agreement") pursuant to which the Company agreed to engage HannStar Taiwan to act as a sub-contractor for the production and processing of PCBs when the Company has insufficient production capacity prior to 31 December 2010. According to the announcement dated 23 November 2007, the Proposed Annual Cap of the sub-contracting fee payable by the Company to HannStar Taiwan for each of the three years ending 31 December 2010 is estimated to be US$63.4 million. During the year ended 31 December 2009, the sub-contracting fee paid was approximately US$43.88 million under the New Master Sub-contracting Agreement.

(2) Continuing connected transactions exempt from reporting, announcement and the independent shareholders' approval requirements

The following transaction constituted continuing connected transactions for the Company under Rule 14A.65(4) of the Listing Rules and thus would be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Loan from the controlling shareholder of the Company

Pursuant to various loan agreements entered into between the Group and HannStar BVI, the Company's controlling shareholder, loans in an aggregate amount of approximately US$92,150,000 were granted in prior year and which have been fully repaid as at 31 December 2009. The Group incurred interest payment of US$233,945 for the year.

CONNECTED TRANSACTIONS (continued)

(3) Continuing connected transactions exempt from the independent shareholders' approval requirement

The following transactions constituted continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and thus would be exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Equipment Purchase Agreement and Machinery Purchase Agreement between HannStar Taiwan and the Company

On 5 August 2008, HannStar Jiangyin and HannStar Precision, indirect wholly owned subsidiaries of the Company, entered into an equipment purchase agreement and a machinery purchase agreement with HannStar Taiwan respectively. Pursuant to these agreements, HannStar Jiangyin and HannStar Precision had agreed to purchase certain machinery and equipment from HannStar Taiwan for the production of PCBs. The Equipment Purchase Agreement and the Machinery Purchase Agreement are not inter-conditional. According to these purchase agreements, HannStar Jiangyin and HannStar Precision would pay a consideration of US$874,110 and US$1,588,579 to HannStar Taiwan respectively. During the year, the machinery and equipment purchased by HannStar Precision amounted to US$677,770.

Particulars of the connected transactions, which are also related party transactions, are disclosed in note 30 to the consolidated financial statements in accordance with Hong Kong Accounting Standard 24 "Related Party Disclosures" issued by the Hong Kong Institute of Certified Public Accountants.

Other than as disclosed above, no contracts of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's largest and five largest suppliers and customers respectively were as follows:

– the largest supplier	21.90%
– five largest suppliers	33.75%
– the largest customer	20.32%
– five largest customers	56.07%

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in any of the five largest suppliers or customers of the Group.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications, and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules throughout the year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 66 of the annual report.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

CHIAO Yu-heng
Chairman

17 March 2010

Deloitte.
德勤

TO THE MEMBERS OF
HANNSTAR BOARD INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of HannStar Board International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 65, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
17 March 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 US$'000	2008 US$'000
Revenue	6	**569,125**	622,528
Cost of sales		**(486,181)**	(537,840)
Gross profit		**82,944**	84,688
Other income		**16,972**	30,418
Loss arising from changes in fair value of derivative financial instruments		**(234)**	(305)
Distribution and selling expenses		**(12,966)**	(15,715)
Administrative expenses		**(18,524)**	(24,294)
Finance costs	7	**(4,644)**	(12,282)
Profit before tax		**63,548**	62,510
Income tax expense	8	**(2,198)**	(11,841)
Profit for the year	9	**61,350**	50,669
Other comprehensive income			
Exchange differences arising on translation to presentation currency		**92**	14,130
Fair value adjustment on available-for-sale investments		**1,270**	–
Other comprehensive income for the year		**1,362**	14,130
Total comprehensive income for the year		**62,712**	64,799
Earnings per share US$ – basic	12	**0.047**	0.038

Consolidated Statement of Financial Position

At 31 December 2009

	Notes	2009 US$'000	2008 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**329,183**	364,266
Prepaid lease payments	14	**5,516**	5,638
Available-for-sale investments	15	**3,436**	–
		338,135	369,904
CURRENT ASSETS			
Inventories	16	**56,736**	34,249
Trade and other receivables	17	**238,574**	204,942
Prepaid lease payments	14	**126**	126
Amount due from ultimate holding company	18	**1,422**	–
Amount due from immediate holding company	18	**–**	10
Pledged bank deposits	20	**1,147**	1,880
Bank balances and cash	20	**95,664**	102,130
		393,669	343,337
CURRENT LIABILITIES			
Trade and other payables	21	**143,509**	121,199
Amount due to ultimate holding company	18	**–**	5,238
Derivative financial instruments	19	**549**	1,357
Tax liabilities		**3,217**	5,779
Bank borrowings – due within one year	22	**102,751**	165,603
		250,026	299,176
NET CURRENT ASSETS		**143,643**	44,161
TOTAL ASSETS LESS CURRENT LIABILITIES		**481,778**	414,065
NON-CURRENT LIABILITY			
Bank borrowings – due after one year	22	**139,040**	126,397
		342,738	287,668
CAPITAL AND RESERVES			
Share capital	23	**16,925**	16,925
Reserves		**325,813**	270,743
		342,738	287,668

The consolidated financial statements on pages 25 to 65 were approved and authorised for issue by the Board of Directors on 17 March 2010 and are signed on its behalf by:

Mr. Chiao Yu-heng
Director

Mr. Yeh Shin-jiin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital US$'000	Share premium US$'000	Special reserve US$'000 (Note 24)	Revaluation reserve US$'000	Exchange reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2008	16,925	58,119	51,987	–	16,388	87,894	231,313
Profit for the year	–	–	–	–	–	50,669	50,669
Other comprehensive income	–	–	–	–	14,130	–	14,130
Total comprehensive income for the year	–	–	–	–	14,130	50,669	64,799
Dividend paid (Note 11)	–	–	–	–	–	(8,444)	(8,444)
At 31 December 2008	16,925	58,119	51,987	–	30,518	130,119	287,668
Profit for the year	–	–	–	–	–	61,350	61,350
Other comprehensive income	–	–	–	1,270	92	–	1,362
Total comprehensive income for the year	–	–	–	1,270	92	61,350	62,712
Dividend paid (Note 11)	–	–	–	–	–	(7,642)	(7,642)
At 31 December 2009	**16,925**	**58,119**	**51,987**	**1,270**	**30,610**	**183,827**	**342,738**

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	2009 US$'000	2008 US$'000
OPERATING ACTIVITIES		
Profit before tax	**63,548**	62,510
Adjustments for:		
Depreciation of property, plant and equipment	**54,062**	51,731
Finance costs	**4,644**	12,282
Impairment loss on inventories	**288**	2,265
Impairment loss on trade receivables	**784**	874
Release of prepaid lease payments	**126**	125
(Gain) loss on disposal of property, plant and equipment	**(672)**	19
Interest income	**(2,850)**	(3,642)
Operating cash flows before movements in working capital	**119,930**	126,164
(Increase) decrease in inventories	**(22,775)**	23,464
(Increase) decrease in trade and other receivables	**(34,416)**	12,662
(Increase) decrease in derivative financial instruments	**(308)**	8,415
(Increase) decrease in amount due from ultimate holding company	**(1,422)**	3,077
Increase (decrease) in trade and other payables	**27,124**	(80,009)
(Decrease) increase in amount due to ultimate holding company	**(5,238)**	5,238
Cash generated from operations	**82,895**	99,011
Income Tax paid	**(4,764)**	(7,304)
Interest received	**2,850**	3,642
NET CASH FROM OPERATING ACTIVITIES	**80,981**	95,349
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(26,399)**	(86,962)
Purchase of available-for-sale investments	**(2,166)**	–
Proceeds from disposal of property, plant and equipment	**3,682**	–
Decrease in pledged bank deposits	**733**	9,268
NET CASH USED IN INVESTING ACTIVITIES	**(24,150)**	(77,694)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(401,821)**	(247,917)
Dividend paid	**(7,642)**	(8,444)
Interest paid	**(4,644)**	(12,282)
New bank borrowings raised	**351,612**	327,651
Repayment of immediate holding company	**10**	(27,066)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(62,485)**	31,942
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(5,654)**	49,597
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**102,130**	49,358
Effect of foreign exchange rate changes	**(812)**	3,175
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**95,664**	102,130

1. GENERAL

The Company was incorporated in the Cayman Islands on 17 May 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's parent is HannStar Board (BVI) Holdings Corp. ("HannStar BVI"), which was incorporated in the British Virgin Islands ("BVI"), and its ultimate parent is HannStar Board Corporation ("HannStar Taiwan"), which was incorporated in the Republic of China. The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information of the annual report.

The consolidated financial statements are presented in United States dollars ("US Dollars") while the functional currency of the Company is Renminbi ("RMB"). The directors selected US Dollars as the presentation currency because most of the shareholders of the Company are located outside the People's Republic of China ("PRC") and US Dollars was considered to be more useful to the shareholders.

The Company acts as an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 31.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK (IFRIC) – Int 13	Customers Loyalty Programmes
HK (IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK (IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK (IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs Issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Except for described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRS affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 6).

Improving Disclosure about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosure required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRS affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1 January 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods.

In the current year, no borrowing costs were capitalised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS[7] Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduced new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Prepaid lease payments

Prepaid lease payments, which represent up-front payments to acquire leasehold land interest, are stated at cost and released to the consolidated statement of comprehensive income over the period of the lease on a straight-line basis.

Impairment losses on assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets other than financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average method.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations with functional currency other than the presentation currency of the Group are translated into the presentation currency of the Group (i.e. United States dollars) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during the period, in which cases, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in to profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are charged as expenses when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from ultimate holding company/immediate holding company, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in revaluation reserve, until the financial asset is disposal of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit and loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For all other Group's financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liability classified as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are derivative financial instruments classified as held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to ultimate holding company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 22, net of cash and cash equivalents disclosed in note 20, and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, and the issue of new debt or the redemption of existing debt.

5. FINANCIAL INSTRUMENTS

5a. Categories of financial instruments

	2009 **US$'000**	2008 US$'000
Financial assets		
Available-for-sale investments	**3,436**	–
Loans and receivables (including cash and cash equivalents)	**321,154**	301,996
Financial liabilities		
Derivative financial instruments	**549**	1,357
Amortised cost	**365,409**	402,881

5. FINANCIAL INSTRUMENTS (continued)

5b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amounts due from/to ultimate holding company/immediate holding company, derivative financial instruments, pledged bank deposits, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

The Group mainly operates in the PRC. Its foreign currency sales and purchases expose the Group to foreign currency risk, particularly US Dollars. Most of the sales of the Group are denominated in US Dollars, whilst almost 43% (2008: 32.5%) of production costs are denominated in US Dollars.

The carrying amounts of the Group's monetary assets and monetary liabilities at the end of reporting period, which are denominated in US Dollars are as follows:

	Assets		**Liabilities**	
	2009	2008	**2009**	2008
	US$'000	US$'000	**US$'000**	US$'000
US Dollars	**172,953**	218,484	**279,379**	329,763

The Group's exposure to currency risk mainly related to US Dollars trade receivables, pledged bank deposit, bank balances and cash, trade payables and bank borrowings. The Group currently does not have a foreign currency hedging policy for monetary assets and monetary liabilities. However, management monitors foreign exchange exposure closely and considers the usage of hedging instruments when the need arise. For the US Dollars trade receivables, management enters into foreign exchange forward contract to partially hedge the currency risk.

The carrying amount of foreign exchange forward contract as at year end amounted to approximately US$8,000 (2008: US$177,000) classified as current liabilities, in which the Group was in the position of selling US Dollars with aggregate notional amount of US$91,500,000 (2008: US$20,000,000).

5. FINANCIAL INSTRUMENTS (continued)

5b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

Non-derivative financial instruments

The Group is mainly exposed to the fluctuation in US Dollars against Renminbi.

The following table details the Group's sensitivity to a 5% (2008: 5%) increase and decrease in Renminbi against US Dollars. 5% (2008: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2008: 5%) change in foreign currency rates. The sensitivity analysis includes mainly trade receivables, pledged bank deposit, bank balances and cash, trade payables and bank borrowings where the denomination of these balances are in currencies other than the functional currency of the relevant entities. A negative number for assets and a positive number for liabilities below indicates a decrease and an increase in profit where Renminbi strengthen 5% against US Dollars. For a 5% (2008: 5%) weakening of Renminbi against US Dollars, there would be an equal and opposite impact on the profit or loss.

	US Dollars	
	2009	2008
	US$'000	US$'000
Assets	**(6,918)**	(8,193)
Liabilities	**11,175**	12,366
Profit or loss (Note)	**4,257**	4,173

Note: This is mainly attributable to the exposure outstanding on US Dollars trade receivables, trade payables, bank balances and cash and bank borrowings at year end in the Group.

Derivative financial instruments

The Group's derivative financial instruments exposed the Group to market bid forward foreign exchange rates.

The Group's sensitivity is to a 5% (2008: 5%) increase/decrease in market bid forward exchange rate of Renminbi against US Dollars. The sensitivity analysis includes only outstanding foreign exchange forward contracts at the year end for a 5% (2008: 5%) change in market bid forward foreign exchange rates.

If Renminbi strengthens/weakens against US Dollars, profit for the year ended 31 December 2009 would increase/decrease by approximately US$320 (2008: increase/decrease by US$7,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year and exposure does not reflect the exposure during the year.

5. FINANCIAL INSTRUMENTS (continued)

5b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits and bank borrowings (see notes 20 and 22 for detail of these bank deposits and bank borrowings respectively). Management will monitor interest rate risk exposure closely. By management's discretion, the Group keeps its borrowings at floating rate and entered into interest rate swaps to balance the fair value interest rate risk and cash flow interest rate risk exposure of the Group.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of The London Interbank Offer Rate ("LIBOR") arising from the Group's US$ borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. For variable-rate bank balances and bank borrowings, the analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2008: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2008: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2009 would decrease/increase by approximately US$544,000 (2008: decrease/increase by US$705,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and bank borrowings.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity security classified as available-for-sale investment. The management manages this exposure by closely monitoring the price risk and will consider hedging the risk exposure should the need arise.

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. FINANCIAL INSTRUMENTS (continued)

5b. Financial risk management objectives and policies (continued)

Credit risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 79% (2008: 73%) of the total trade receivables as at 31 December 2009. The Group also has concentration of credit risk by customer as 56% (2008: 63%) and 20% (2008: 21%) of the total trade receivable were due from the Group's five largest customers and largest customer respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant sources of liquidity. Details of which are set out in note 22. As at 31 December 2009, the Group has available unutilised bank loan facilities of approximately US$451,134,000 (2008: US$383,474,000).

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amounts is derived from interest rate curve at the end of the reporting period. For derivative instruments settle on a net basis, undiscounted net cash flows are presented.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Less than 3 month US$'000	3-6 months US$'000	6 months to 1 year US$'000	1-5 years US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31.12.2009 US$'000
2009							
Non-derivative financial liabilities							
Trade and other payables	–	88,124	35,494	–	–	123,618	123,618
Bank loans – variable rate	1.55	85,630	–	17,497	141,195	244,322	241,791
		173,754	35,494	17,497	141,195	367,940	365,409
Derivatives – net settlement							
Interest rate swaps	–	–	–	–	541	541	541
Foreign exchange forward contracts	–	3	3	2	–	8	8
		3	3	2	541	549	549

5. FINANCIAL INSTRUMENTS (continued)

5b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average effective interest rate %	Less than 3 month US$'000	3-6 months US$'000	6 months to 1 year US$'000	1-5 years US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31.12.2008 US$'000
2008							
Non-derivative financial liabilities							
Trade and other payables	–	105,643	–	–	–	105,643	105,643
Amount due to ultimate holding company	–	5,238	–	–	–	5,238	5,238
Bank loans – variable rate	4.14	59,011	10,204	99,128	135,690	304,033	292,000
		169,892	10,204	99,128	135,690	414,914	402,881
Derivatives – net settlement							
Interest rate swaps	–	379	–	–	801	1,180	1,180
Foreign exchange forward contracts	–	177	–	–	–	177	177
		556	–	–	801	1,357	1,357

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rate differ to those estimates of interest rates determined at the end of the reporting period.

5c. Fair value

The fair value of financial assets and financial liabilities (including available-for-sale investments) with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market price.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rate. The fair values of foreign exchange contracts are determined based on the difference between the market forward rates at the end of each reporting period for the remaining duration of the outstanding contracts and their contracted forward rates and discounted using an appropriate discount rate to take account of the time value of money.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

5. FINANCIAL INSTRUMENTS (continued)

5c. Fair value (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices).

		2009	
	Level 1 US$'000	**Level 2 US$'000**	**Total US$'000**
Available-for-sale financial assets			
Listed equity security	**3,436**	**–**	**3,436**
Financial liabilities at FVTPL			
Derivative financial liabilities	**–**	**549**	**549**

There were no transfers between Level 1 and 2 in current year.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of the consideration received and receivable for goods sold in the normal course of business, net of discount and sales related taxes for the year.

HKFRS 8 "Operating Segments", with effect from 1 January 2009, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's board of directors is the chief operating decision maker as they collectively make strategic decision towards the Group's operation. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segment (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format, was geographical segments by location of customers, irrespective of the origin of the goods.

6. REVENUE AND SEGMENT INFORMATION (continued)

For the purpose of resources allocation and performance assessment, the Group's board of directors reviews operating results and financial information on a plant by plant basis. It focuses on the operating result of each of the plants ("Plant 1", "Plant 2", "Plant 3" and "Plant 4") operated under HannStar Board Technology (Jiangyin) Corp. ("HannStar Jiangyin") and the plant operated under HannStar Precision Technology (Jiangyin) Corporation ("HannStar Precision"), both of which are subsidiaries of the Company. Accordingly, each of the plants constitutes an operating segment of the Group. As each plant shares similar economic characteristics, produces similar products by using similar production process and all of products produced are distributed and sold to the same level of customers through a central sales function, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is prepared other than the entity-wide disclosures.

Segment revenues and results

The revenues, operating results and financial information on a plant by plant basis presented to the board of directors is consistent with the consolidated statement of comprehensive income, except for information related to other comprehensive income.

The board of directors considers the profit for the year as the measurement of the segment's results.

Entity-wide disclosures

As at both 31 December 2008 and 2009, substantially all of the Group's non-current assets are located in the place of domicile of the relevant group entities, namely the PRC, and substantially all of the Group's revenue generated from manufacturing and sales of printed circuit board ("PCB").

The following is an analysis of the Group's revenue by places of domicile, which represents the place of major operation, and other places for the year:

	2009	2008
	US$'000	US$'000
Place of domicile of relevant group entities		
– The PRC	**422,323**	456,148
Other places		
– United States of America (the "USA")	**27,974**	40,802
– Others	**118,828**	125,578
	569,125	622,528

Each of the three (2008: three) largest customers of the Group contributes more than 10% of the Group's revenue for the current year. Revenue of approximately US$115,640,000, US$62,494,000 and US$57,407,000 are attributed to these three customers respectively for the year ended 31 December 2009 (2008: approximately US$149,191,000, US$76,980,000 and US$83,506,000, respectively).

7. FINANCE COSTS

	2009 US$'000	2008 US$'000
Interests on borrowings wholly repayable within five years:		
– bank loans	**4,445**	11,792
– other loan	**199**	490
	4,644	12,282

8. INCOME TAX EXPENSE

	2009 US$'000	2008 US$'000
Tax charge represents:		
The PRC Enterprise Income Tax ("EIT")	**6,811**	11,750
(Over) underprovision in prior years:		
EIT	**(4,613)**	38
Overseas taxation	**–**	53
	2,198	11,841

No provision for Hong Kong Profits Tax has been made as the Group's income neither arose in, nor derived from Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, HannStar Board Technology (Jiangyin) Corp. ("HannStar Jiangyin") and HannStar Precision Technology (Jiangyin) Corporation ("HannStar Precision"), subsidiaries of the Company, are entitled to exemptions from the EIT for two years commencing from its first profit-making year, and thereafter, entitled to a 50% relief from EIT for the next three years ("Tax Exemptions").

Under the Law of the PRC on EIT ("the EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC range from 0% to 20% (2008: 0% to 18%).

In accordance with the Investment Catalogue as approved by the State Council, each newly invested project in a Foreign Investment Enterprise can be assessed independently and are also entitled to the Tax Exemptions. Accordingly, upon approval from the relevant Tax Bureau, each of the plants of HannStar Jiangyin ("Plant 1", "Plant 2", "Plant 3" and "Plant 4") and HannStar Precision could be subject to independent assessment. Plant 1, Plant 2, Plant 3 and Plant 4 and HannStar Precision have been approved by the relevant Tax Bureau as accounted for as a separate invested project for tax purposes.

8. INCOME TAX EXPENSE (continued)

The first profit making year of Plant 1 was the year ended 31 December 2003. Accordingly, Plant 1 is exempted from EIT for the two years ended 31 December 2004, and is subject to a 50% relief from EIT for the three years ended 31 December 2007. After the end of Tax Exemptions, the EIT rate applicable to Plant 1 is 18%, 20%, 22%, 24% and 25% thereafter from the year ended 31 December 2008.

The first profit making year of Plant 2 was the year ended 31 December 2004. Accordingly, Plant 2 is exempted from the EIT for the two years ended 31 December 2005 and is subject to a 50% relief from EIT for the three years ended 31 December 2008. After the end of Tax Exemptions, the EIT rate applicable to Plant 2 will be 20%, 22%, 24% and 25% thereafter from the year ended 31 December 2009.

The first profit making year of Plant 3 was the year ended 31 December 2006. Accordingly, Plant 3 is exempted from EIT for the two years ended 31 December 2007. Applying this 50% relief, the EIT rate applicable to Plant 3 is 9%, 10% and 11% for the three years ending 31 December 2010. After the end of Tax Exemptions, the EIT rate applicable to Plant 3 will be 24% and 25% thereafter from the year ending 31 December 2011.

During the current year, approval for Tax Exemptions effective from 1 January 2008 have been obtained for Plant 4. Accordingly, Plant 4 is exempted from the EIT for the two years ended 31 December 2009, and it is subject to a 50% relief from EIT for the three years ending 31 December 2012. Applying this 50% relief, the EIT rate applicable to Plant 4 is 11%, 12% and 12.5% for the three years ended 31 December 2012. After the end of Tax Exemptions, the EIT rate applicable to Plant 4 will be 25% thereafter from the year ending 31 December 2013.

As HannStar Precision is still under the Tax Exemptions and the first profit making year is 31 December 2008, no provision for EIT has been provided. Applying the 50% relief from EIT, the applicable rate to Hannstar Precision will be 12.5% for the three years ending 31 December 2012 and 25% thereafter.

The tax charge for the year can be reconciled to the profit before tax as follows:

	2009 **US$'000**	2008 US$'000
Profit before tax	**63,548**	62,510
Tax at the PRC EIT rate of 20% (2008: 18%)	**12,709**	11,252
Tax effect of expenses not deductible for tax purposes	**1,180**	5,774
Tax effect of income not taxable for tax purposes	**(78)**	(236)
(Over) underprovision in respect of prior years	**(4,613)**	91
Tax effect of tax losses not recognised	**1**	488
Effect of Tax Exemptions granted to PRC subsidiaries	**(7,001)**	(5,528)
Tax charge for the year	**2,198**	11,841

During the year, approval for Tax Exemptions has been obtained for Plant 4. Overprovision of EIT amounted to US$4,613,000 for the year ended 31 December 2008 has been reversed in the current year.

8. INCOME TAX EXPENSE (continued)

At the end of reporting period, the Group has unused tax losses of approximately US$2,828,000 (2008: US$2,824,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability future profit streams.

Under the New Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards amounted to approximately US$120,716,000 (2008: US$58,843,000). Deferred taxation has not been provided for in respect of temporary differences attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing difference of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. PROFIT FOR THE YEAR

	2009 **US$'000**	2008 US$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (note 10)	**168**	218
Other staff costs	**36,407**	30,445
Retirement benefit scheme contributions, excluding directors	**3,892**	4,251
Total staff costs	**40,467**	34,914
Auditor's remuneration	**137**	132
Cost of inventories recognised as an expense (including written-down of inventories of approximately US$288,000 (2008: US$2,265,000))	**486,181**	537,840
Depreciation for property, plant and equipment	**54,062**	51,731
Impairment loss on trade receivables	**784**	874
Loss on disposal of property, plant and equipment	**–**	19
Release of prepaid lease payments	**126**	125
and after crediting:		
Bank interest income	**2,850**	3,642
Gain on disposal of property, plant and equipment	**672**	–
Net foreign exchange gain	**751**	5,387
Sale of scrap materials (included in other income)	**11,600**	20,656

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors of the Company were as follows:

	YEH Shin-jiin US$'000	CHEN Cheng-chieh US$'000 (Note)	CAO Jianhua US$'000 (Note)	CHIAO Yu-heng US$'000	Ho Ai-tang Simon US$'000 (Note)	CHAO Yuan-san US$'000	CHEN Shun Zu Deborah US$'000	YEH Yu-an US$'000	CHANG Pi-lan US$'000	YEN Chin-chang US$'000	2009 Total US$'000
Fees	**51**	**20**	**6**	**–**	**–**	**11**	**11**	**11**	**11**	**11**	**132**
Other emoluments											
– salaries and other benefits	**31**	**5**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36**
Total emoluments	**82**	**25**	**6**	**–**	**–**	**11**	**11**	**11**	**11**	**11**	**168**

	YEH Shin-jiin US$'000	CHEN Cheng-chieh US$'000 (Note)	LAO Li-hua US$'000 (Note)	CHIAO Yu-heng US$'000	Ho Ai-tang Simon US$'000 (Note)	CHAO Yuan-san US$'000	CHEN Shun Zu Deborah US$'000	YEH Yu-an US$'000	CHANG Pi-lan US$'000	YEN Chin-chang US$'000	2008 Total US$'000
Fees	–	–	–	–	–	15	15	15	15	15	75
Other emoluments											
– salaries and other benefits	35	17	–	91	–	–	–	–	–	–	143
Total emoluments	35	17	–	91	–	15	15	15	15	15	218

Note: Ms. Cao Jianhua was elected as director of the Company on 15 May 2009 and Mr. Lao Li-hua and Mr. Ho Ai-tang, Simon retired and Mr. Chen Cheng-chieh resigned as directors of the Company on 16 April 2008, 15 May 2009 and 16 July 2009 respectively.

Of the five individuals with the highest emoluments in the Group, one (2008: two) was the director of the Company whose emoluments are included above. The emoluments of the remaining four (2008: three) individuals are as follows:

	2009 US$'000	2008 US$'000
Employee		
– salaries and other benefits	**91**	70

The emolument of each individual for both years was within the emoluments band of less than HK$1,000,000 (equivalent to approximately US$129,000).

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employee) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the year.

11. DIVIDENDS

	2009 US$'000	2008 US$'000
Dividends recognised as distribution during the year Final – HK4.5 cents per share in respect of the financial year ended 31 December 2008 (2008: HK5.0 cents per share in respect of the financial year ended 31 December 2007)	**7,642**	8,444

A final dividend of HK5.5 cents (2008: HK4.5 cents) per share in respect of the financial year ended 31 December 2009 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting..

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary owners of the Company is based on the following data:

	2009 US$'000	2008 US$'000
Earnings for the purpose of basic earnings per share	**61,350**	50,669

	2009	2008
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,316,250,000**	1,316,250,000

No diluted earnings per share has been presented because the Company has no potential dilutive shares for both years.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings US$'000	Plant and machinery US$'000	Furniture, fixture and equipment US$'000	Leasehold improvement US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
COST							
At 1 January 2008	91,265	280,907	27,407	7,208	1,445	3,072	411,304
Exchange adjustments	6,405	19,081	1,964	530	99	399	28,478
Additions	1,269	30,742	1,845	427	30	43,384	77,697
Transfer	6,618	20,542	3,110	1,801	47	(32,118)	–
Disposals	–	–	(42)	–	–	–	(42)
At 31 December 2008	105,557	351,272	34,284	9,966	1,621	14,737	517,437
Exchange adjustments	100	817	33	10	2	13	975
Additions	824	143	131	200	3	20,284	21,585
Transfer	1,528	15,975	2,049	465	–	(20,017)	–
Disposals	–	(7,503)	(303)	–	–	–	(7,806)
At 31 December 2009	**108,009**	**360,704**	**36,194**	**10,641**	**1,626**	**15,017**	**532,191**
DEPRECIATION							
At 1 January 2008	7,769	76,475	6,322	3,361	383	–	94,310
Exchange adjustments	610	5,751	506	257	29	–	7,153
Provided for the year	4,608	40,824	4,418	1,627	254	–	51,731
Eliminated on disposals	–	–	(23)	–	–	–	(23)
At 31 December 2008	12,987	123,050	11,223	5,245	666	–	153,171
Exchange adjustments	15	536	13	6	1	–	571
Provided for the year	5,424	41,670	5,153	1,557	258	–	54,062
Eliminated on disposals	–	(4,538)	(229)	–	(29)	–	(4,796)
At 31 December 2009	**18,426**	**160,718**	**16,160**	**6,808**	**896**	**–**	**203,008**
CARRYING VALUES							
At 31 December 2009	**89,583**	**199,986**	**20,034**	**3,833**	**730**	**15,017**	**329,183**
At 31 December 2008	92,570	228,222	23,061	4,721	955	14,737	364,266

The above items of property, plant and equipment are depreciated on a straight-line basis over the following years:

Buildings	20 years or the lease term of the relevant land, whichever is shorter
Plant and machinery	5 – 8 years
Furniture, fixture and equipment	5 years
Leasehold improvement	5 years
Motor vehicles	5 years

The carrying value of properties of the Group comprises buildings on land under medium-term lease in the PRC.

14. PREPAID LEASE PAYMENTS

	2009 US$'000	2008 US$'000
Balance at beginning of the year	**5,764**	5,512
Exchange adjustment	**4**	377
Released to the consolidated statement of comprehensive income	**(126)**	(125)
Balance at end of the year	**5,642**	5,764
Current portion of non-current assets	**(126)**	(126)
Non-current portion	**5,516**	5,638

The carrying amount represents an upfront payment for medium-term land use rights situated in the PRC.

The Group had paid substantially all the consideration for the land use rights in the PRC. However, the relevant government authorities have not yet granted formal title to certain of these land use rights to the Group. As at 31 December 2009, the carrying amount of the land use rights for which the Group had not yet been granted formal title amounted to approximately US$1,202,000 (2008: US$1,226,000). In the opinion of the directors, the absence of formal title to these land use rights does not impair the value of the relevant properties to the Group. The directors also believe that formal title to these land use rights will be granted to the Group in due course.

15. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2009 US$'000	2008 US$'000
Equity security listed in Republic of China ("ROC")	**3,436**	–
Analysed for reporting purpose as:		
Non-current assets	**3,436**	–
Current assets	**–**	–
	3,436	–

Details of the Group's available-for-sale investments at 31 December 2009 is as follows:

Name of company	Place of incorporation/ establishment	Proportion of nominal value of issued/registered capital indirectly held by the Group 2009	2008	Principal activities
Info-Tek Corporation 台灣精星科技股份有限公司	ROC	**7.52%**	–	Providing PCB assembly services

16. INVENTORIES

	2009 US$'000	2008 US$'000
Raw materials	**27,646**	11,412
Work-in-progress	**14,005**	5,001
Finished goods	**15,085**	17,836
	56,736	34,249

17. TRADE AND OTHER RECEIVABLES

	2009 US$'000	2008 US$'000
Trade receivables	**224,051**	198,283
Less: Allowance for doubtful debts	**(2,324)**	(1,540)
	221,727	196,743

The Group allows a credit period from 90 days to 150 days to its trade customers.

The following is an aged analysis of trade receivables at the end of the reporting period:

	2009 US$'000	2008 US$'000
Trade receivables:		
0 – 30 days	**51,563**	35,574
31 – 60 days	**50,011**	33,592
61 – 90 days	**42,799**	54,481
91 – 120 days	**44,907**	51,246
121 – 180 days	**32,408**	21,350
181 – 365 days	**39**	500
	221,727	196,743
Other receivables:		
Prepayments for utility	**4,568**	3,862
Prepayment for maintenance	**917**	714
Deposits paid	**3,004**	684
Value added tax recoverable	**6,629**	1,706
Others	**1,729**	1,233
	16,847	8,199
	238,574	204,942

17. TRADE AND OTHER RECEIVABLES (continued)

Included in the Group's trade and other receivable are balances with aggregated amounts of approximately US$135,648,000 (2008: US$128,497,000) denominated in US Dollars which is other than the functional currency of the respective group entities.

Before accepting any new customer, the Group has to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$39,000 (2008: US$500,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss and fully settled subsequently after the end of reporting period. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2009 **US$'000**	2008 US$'000
151-180 days	**631**	864
181-365 days	**39**	500
	670	1,364

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

Movement in the allowance for doubtful debts

	2009 **US$'000**	2008 US$'000
Balance at beginning of the year	**1,540**	666
Impairment losses recognised on receivables	**784**	874
Balance at end of the year	**2,324**	1,540

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of reporting period. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$2,324,000 (2008: US$1,540,000). The Group does not hold any collateral over these balances.

18. AMOUNTS DUE FROM/TO ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY

The amounts due from ultimate holding company/immediate holding company are unsecured, non-interest bearing and repayable on demand.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2009 **US$'000**	2008 US$'000
Interest rate swaps	**(541)**	(1,180)
Forward foreign exchange contracts	**(8)**	(177)
	(549)	(1,357)

The Group uses interest rate swaps to swap a proportion of the floating rate borrowings from floating rates to fixed rates. Major terms of the interest rate swaps as at 31 December 2009 are set out below:

Notional amount	**Maturity**	**Swaps**
USD4,800,000	25 March 2011	LIBOR+0.625% to 3.765%
USD3,200,000	25 March 2011	LIBOR+0.85% to 1.59%
USD10,000,000	25 March 2011	LIBOR+0.85% to 3.765%
USD5,000,000	25 March 2011	LIBOR+0.85% to 3.5%
USD5,000,000	25 March 2011	LIBOR+0.85% to 1.59%

The Group is a party to a variety of foreign currency forward contracts in the management of its exchange rate exposures.

Payments of all swaps are being settled on the maturity date.

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At 31 December 2009, details of the outstanding forward foreign exchange contracts to which the Group is committed are as follows:

Notional amount	Maturity	Exchange rate
Sell USD4,000,000	8 January 2010	RMB/USD6.8247
Sell USD1,000,000	8 January 2010	RMB/USD6.8289
Sell USD4,000,000	22 January 2010	RMB/USD6.8267
Sell USD3,000,000	22 January 2010	RMB/USD6.8290
Sell USD4,000,000	9 February 2010	RMB/USD6.8210
Sell USD4,000,000	9 February 2010	RMB/USD6.8210
Sell USD1,000,000	9 February 2010	RMB/USD6.8233
Sell USD4,000,000	24 February 2010	RMB/USD6.8170
Sell USD3,000,000	24 February 2010	RMB/USD6.8182
Sell USD4,000,000	9 March 2010	RMB/USD6.8211
Sell USD1,500,000	9 March 2010	RMB/USD6.8215
Sell USD4,000,000	24 March 2010	RMB/USD6.8166
Sell USD1,500,000	24 March 2010	RMB/USD6.8170
Sell USD3,000,000	9 April 2010	RMB/USD6.8091
Sell USD1,000,000	9 April 2010	RMB/USD6.8211
Sell USD1,000,000	9 April 2010	RMB/USD6.8238
Sell USD3,000,000	23 April 2010	RMB/USD6.8055
Sell USD1,000,000	23 April 2010	RMB/USD6.8191
Sell USD1,000,000	23 April 2010	RMB/USD6.8205
Sell USD3,000,000	7 May 2010	RMB/USD6.8173
Sell USD1,000,000	7 May 2010	RMB/USD6.8200
Sell USD2,000,000	25 May 2010	RMB/USD6.8130
Sell USD1,500,000	25 May 2010	RMB/USD6.8096
Sell USD1,500,000	25 May 2010	RMB/USD6.8152
Sell USD1,000,000	25 May 2010	RMB/USD6.8121
Sell USD2,000,000	9 June 2010	RMB/USD6.8100
Sell USD1,500,000	9 June 2010	RMB/USD6.8081
Sell USD1,500,000	9 June 2010	RMB/USD6.8130
Sell USD1,000,000	9 June 2010	RMB/USD6.8100
Sell USD3,000,000	24 June 2010	RMB/USD6.8080
Sell USD1,000,000	24 June 2010	RMB/USD6.8080
Sell USD3,000,000	9 July 2010	RMB/USD6.8040
Sell USD1,000,000	9 July 2010	RMB/USD6.8080
Sell USD1,000,000	9 July 2010	RMB/USD6.8040
Sell USD3,000,000	23 July 2010	RMB/USD6.8000
Sell USD1,000,000	23 July 2010	RMB/USD6.8055
Sell USD1,000,000	23 July 2010	RMB/USD6.8000
Sell USD3,000,000	10 August 2010	RMB/USD6.8000
Sell USD1,000,000	10 August 2010	RMB/USD6.8035
Sell USD3,000,000	25 August 2010	RMB/USD6.8007
Sell USD1,000,000	25 August 2010	RMB/USD6.8017
Sell USD1,500,000	9 September 2010	RMB/USD6.8000
Sell USD1,000,000	24 September 2010	RMB/USD6.7970
Sell USD1,000,000	8 October 2010	RMB/USD6.7934
Sell USD1,000,000	22 October 2010	RMB/USD6.7894

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At 31 December 2008, the major term of the interest rate swaps are set out below:

Notional amount	Maturity	Swaps
USD40,000,000	23 February 2009	LIBOR+0.625% to 4.98%
USD10,000,000	25 March 2011	LIBOR+0.85% to 3.765%
USD5,000,000	25 March 2011	LIBOR+0.85% to 3.5%
USD4,800,000	25 March 2011	LIBOR+0.85% to 3.765%

At 31 December 2008, details of the outstanding forward foreign exchange contracts to which the Group is committed are as follows:

Payments of all swaps are being settled on the maturity date.

Notional amount	Maturity	Exchange rates
Sell USD10,000,000	9 January 2009	RMB/USD6.7838
Sell USD5,000,000	20 January 2009	RMB/USD6.7710
Sell USD5,000,000	10 February 2009	RMB/USD6.7425

All of the Group's derivative financial instruments are denominated in US Dollars which is other than the functional currency of the respective group entities.

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.36% to 0.5% (2008: 0.35% to 0.72%) per annum. The pledged bank deposits carry interest at market rates which range from 1.95% to 4.75% (2008: 1.71% to 4.82%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure general banking facilities granted to the Group. Deposits amounting to approximately US$1,147,000 (2008: US$1,880,000) have been pledged to secure short-term bank loans and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

Included in pledged bank deposits and bank balances are nil (2008: US$1,000) and balances of approximately US$37,305,000 (2008: US$89,604,000) respectively denominated in US Dollars which is other than the functional currency of the respective group entities.

21. TRADE AND OTHER PAYABLES

The aged analysis of the Group's trade payables at the end of reporting period are as follows:

	2009	2008
	US$'000	US$'000
Trade payables:		
0 – 30 days	**58,259**	21,534
31 – 60 days	**28,870**	28,883
61 – 90 days	**13,842**	19,684
91 – 180 days	**14,845**	22,358
181 – 365 days	**515**	1,540
Over 365 days	**1,941**	1,484
	118,272	95,483
Other payables:		
Accruals	**19,891**	15,556
Amounts payable for purchase of property, plant and equipment	**5,346**	10,160
	25,237	25,716
	143,509	121,199

The average credit period on purchases of goods is 150 days (2008: 150 days). The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Included in the Group's trade and other payables are balances with aggregated amounts of approximately US$61,589,000 (2008: US$54,764,000) denominated in US Dollars which is other than the functional currency of the respective group entities.

22. BANK BORROWINGS

	2009	2008
	US$'000	US$'000
Bank loans	**241,791**	292,000
Secured (note 27)	**–**	32,000
Unsecured	**241,791**	260,000
	241,791	292,000
Carrying amount repayable:		
Within one year	**102,751**	165,603
More than one year, but not exceeding two years	**139,040**	54,400
More than two years but not exceeding five years	**–**	71,997
	241,791	292,000
Less: Amount due within one year shown under current liabilities	**(102,751)**	(165,603)
	139,040	126,397

As at 31 December 2009, all bank borrowings of the Group carry variable interest rate at prevailing market rate ranging from LIBOR + 0.2% to LIBOR + 3.3% per annum.

As at 31 December 2008, all bank borrowings of the Group carry variable interest rate at prevailing market rate ranging from LIBOR + 0.65% to LIBOR + 3.3% per annum.

The average effective interest rates (which are also equal to contracted interest rates) on the variable-rate borrowings of the Group are as follows:

	2009	2008
Effective interest rate	**1.55%**	4.14%

All of the Group's bank borrowings are denominated in US Dollars. Included in the Group's bank borrowings are balances of approximately US$217,790,000 (2008: US$275,000,000) denominated in US Dollars which is other than the functional currency of the respective group entities.

22. BANK BORROWINGS (continued)

At the end of reporting period, the Group has the following undrawn borrowing facilities:

	2009 **US$'000**	2008 US$'000
Floating rates		
– expiring within one year	**121,134**	83,434
– expiring beyond one year	**330,000**	300,040
	451,134	383,474

23. SHARE CAPITAL

	Number of shares	Nominal value US$'000
Authorised:		
Ordinary shares at HK$0.1 each at 1 January 2008, 31 December 2008 and 2009	**5,000,000,000**	64,291
Issued and fully paid:		
Ordinary shares at HK$0.1 each at 1 January 2008, 31 December 2008 and 2009	**1,316,250,000**	16,925

24. SPECIAL RESERVE

The special reserve represents the differences between the nominal value of the shares of HannStar Board (Samoa) Holdings Corp ("HannStar Samoa") and the nominal value of the Company's shares issued thereof pursuant to a group reorganisation on 21 September 2006.

25. SHARE OPTION SCHEME

On 21 September 2006, a share option scheme (the "Share Option Scheme") was approved by a resolution of the sole shareholder and adopted by a resolution of the Board of Directors of the Company. The purpose of the Share Option Scheme is to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group, by providing them with the opportunity to have a personal stake in the Group. The Board may, at its discretion, offer to grant an option to any employees, directors and business partners of the Group to subscribe for new shares on the terms set out in the Share Option Scheme.

No option has been granted or agreed to be granted to any person under the Share Option Scheme since its adoption.

26. CAPITAL COMMITMENTS

	2009 US$'000	2008 US$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**5,265**	3,100

27. PLEDGE OF ASSETS

At the respective end of reporting period, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	2009 US$'000	2008 US$'000
Property, plant and equipment	**–**	81,937
Prepaid lease payments	**–**	1,000
Bank deposits	**1,147**	1,880
	1,147	84,817

For the year ended 31 December 2009, a bank borrowing of the Group has been fully settled and respective assets pledged released accordingly.

28. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company is as follows:

	Note	2009 US$'000	2008 US$'000
Total assets		**351,258**	281,907
Total liabilities		**(184,438)**	(126,119)
Net assets		**166,820**	155,788
Capital and reserves			
Share capital		**16,925**	16,925
Reserves	(i)	**149,895**	138,863
Total equity		**166,820**	155,788

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

(i) Reserves of the Company

	Share premium US$'000	Contributed surplus US$'000 (Note)	Revaluation reserve US$'000	Translation reserve US$'000	Retained profits (accumulated losses) US$'000	Total US$'000
At 1 January 2008	58,119	82,140	–	599	9,026	149,884
Loss for the year	–	–	–	–	(2,230)	(2,230)
Other comprehensive income	–	–	–	(347)	–	(347)
Total comprehensive income and expense for the year	–	–	–	(347)	(2,230)	(2,577)
Dividend paid	–	–	–	–	(8,444)	(8,444)
At 31 December 2008	58,119	82,140	–	252	(1,648)	138,863
Profit for the year	–	–	–	–	18,140	18,140
Other comprehensive income	–	–	1,270	(736)	–	534
Total comprehensive income and expense for the year	–	–	1,270	(736)	18,140	18,674
Dividend paid	–	–	–	–	(7,642)	(7,642)
At 31 December 2009	**58,119**	**82,140**	**1,270**	**(484)**	**8,850**	**149,895**

Note: Contributed surplus represents the difference between the net assets of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to the group reorganisation.

30. RELATED PARTY DISCLOSURES

(a) Related party transactions

Name of related party	Transaction	2009 US$'000	2008 US$'000
HannStar Taiwan	Purchase of plant and machinery	**678**	1,774
	Subcontracting fee expenses	**43,876**	47,507
	License fee paid for use of machinery and equipment	**–**	1,172
	Service fees and ancillary expenses in respect of the use of machinery and equipment	**–**	1,290
HannStar (BVI)	Interest expense	**234**	490

(b) Related party balances

Details of the Group's outstanding balances with related parties are set out in the consolidated statement of financial position and in note 18.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2009 US$'000	2008 US$'000
Short-term benefits	**260**	290

31. SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 December 2009 are set out below:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Interest holdings Direct %	Interest holdings Indirect %	Principal activities
HannStar Samoa	Independent State of Samoa	PRC	US$69,000,000	100	–	Investment holding and trading of PCB
HannStar Board Holdings (Hong Kong) Limited ("HannStar HK")	Hong Kong	PRC	US$212,970,000	100	–	Investment holding
Walsin Board Corporation	ROC	ROC	NTD143,300,000	100	–	Inactive
HannStar Jiangyin*	PRC	PRC	US$160,970,000	–	100	Manufacturing and sales of PCB
HannStar Precision*	PRC	PRC	US$53,000,000	–	100	Manufacturing and sales of PCB
HannStar Board International (Singapore) Private Limited	Singapore	Singapore	US$200,000	100	–	Trading of PCB

Particulars of the Company's subsidiaries at 31 December 2008 are set out below:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Interest holdings Direct %	Interest holdings Indirect %	Principal activities
HannStar Samoa	Independent State of Samoa	PRC	US$60,000,000	100	–	Investment holding and trading of PCB
Hannstar HK	Hong Kong	PRC	US$158,970,000	100	–	Investment holding
Walsin Board Corporation	ROC	ROC	NTD143,300,000	100	–	Inactive
HannStar Jiangyin*	PRC	PRC	US$160,970,000	–	100	Manufacturing and sales of PCB
HannStar Precision*	PRC	PRC	US$49,000,000	–	100	Manufacturing and sales of PCB

* HannStar Jiangyin and HannStar Precision are wholly foreign owned enterprises.

None of the subsidiaries had issued any debt securities at the end of the year.

Financial Summary

RESULTS

	Year ended 31 December				
	2005 US$'000	2006 US$'000	2007 US$'000	2008 US$'000	**2009** **US$'000**
Revenue	170,279	304,487	504,399	622,528	**569,125**
Profit for the year	23,431	30,801	58,068	50,669	**61,350**

ASSETS AND LIABILITIES

	As at 31 December				
	2005 US$'000	2006 US$'000	2007 US$'000	2008 US$'000	**2009** **US$'000**
Total assets	310,479	484,869	672,404	713,241	**731,804**
Total liabilities	223,561	314,942	441,091	425,573	**389,066**
Shareholders' funds	86,918	169,927	231,313	287,668	**342,738**

Note:

The Company was incorporated in the Cayman Islands on 17 May 2006 and became the holding company of the Group with effect on 21 September 2006 as a result of group reorganisation as set out in the prospectus dated 26 September 2006 issued by the Company.

The results of the Group for the years ended 31 December 2005 and the assets and liabilities of the Group as at 31 December 2005 have been prepared on a combined basis as if the group structure had been in existence throughout the years concerned and have been extracted from the Company's prospectus dated 26 September 2006.