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FOXCONN INTERNATIONAL HOLDINGS LIMITED

富士康國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE, CONNECTED TRANSACTIONS AND RESUMPTION OF TRADING

On 3 August 2005, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have agreed to subscribe for and the Company has agreed to allot and issue an aggregate of 26,915,000 Subscription Shares in cash at a subscription price of HK\$5.065 per Subscription Share.

The Subscription Shares represent approximately 0.389% of the existing issued share capital of the Company and approximately 0.387% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The subscription price of HK\$5.065 per Subscription Share represents: (i) a discount of approximately 17.64% to the closing price of HK\$6.15 per Share as quoted on the Stock Exchange on 3 August 2005, being the date of the Subscription Agreements; and (ii) a discount of approximately 19.98% to the average closing price of approximately HK\$6.33 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 2 August 2005, being the last trading day before the date of the Subscription Agreements.

On 3 August 2005, Transworld entered into the Sale and Purchase Agreements to acquire 19,118,000 shares of CMCS held by the Subscribers (representing 12.75% of its total issued share capital). Such acquisition does not constitute a notifiable transaction of the Company under the Listing Rules.

Each of the relevant percentage ratios (other than profits ratio) for Transworld's acquisition of shares in CMCS from Mr. Chih is less than 2.5% and therefore such acquisition will only be subject to reporting and announcement requirements and is exempt from independent shareholders' approval under Rule 14A.32 of the Listing Rules.

Under Rule 14A.17 of the Listing Rules, Mr. Chih's Subscription is subject to the disclosure and independent shareholders' approval requirements. Written approval of Mr. Chih's Subscription will be obtained from Foxconn (Far East) Limited. An application has been made to the Stock Exchange for a waiver from strict compliance with the Listing Rules regarding the holding of a physical shareholders' meeting for the approval of Mr. Chih's Subscription pursuant to Rule 14A.43 of the Listing Rules.

A circular containing, among other things, details of Mr. Chih's Subscription, the recommendation from the independent board committee and the opinion from the independent financial adviser, will be despatched to the Shareholders as soon as practicable after the publication of this announcement.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 4 August 2005 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 5 August 2005.

THE SUBSCRIPTION AGREEMENTS

On 3 August 2005, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have agreed to subscribe for and the Company has agreed to allot and issue an aggregate of 26,915,000 Subscription Shares in cash at a subscription price of HK\$5.065 per Subscription Share.

The Subscribers

Apart from Mr. Chih, each of the Subscribers is not a connected person of the Company and (apart from their employment relationship with CMCS) is independent of and not connected with any of the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules).

Number of Subscription Shares

26,915,000 new Shares represent approximately 0.389% of the existing issued share capital of the Company and approximately 0.387% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription price

The subscription price of HK\$5.065 per Subscription Share represents:

- (i) a discount of approximately 17.64% to the closing price of HK\$6.15 per Share as quoted on the Stock Exchange on 3 August 2005, being the date of the Subscription Agreements; and
- (ii) a discount of approximately 19.98% to the average closing price of approximately HK\$6.33 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 2 August 2005, being the last trading day before the date of the Subscription Agreements.

The subscription price was arrived at after arm's length negotiations between the Company and the Subscribers with a view to motivating the Subscribers to strive for the future development of CMCS, an indirect subsidiary of the Company. The Directors consider that the subscription price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Shareholders as a whole.

Net price to the Company of each Subscription Share

About HK\$5.0576 per Subscription Share, being the net price to the Company of each Subscription Share after deduction of all expenses incurred by the Company in relation to the Subscription.

Ranking

The Subscription Shares, when allotted, issued and fully paid, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate to allot, issue and deal with the Shares granted to the Directors at the annual general meeting of the Company held on 8 June 2005. No repurchase of Shares has been conducted within the last 30 days.

Conditions of the Subscription

The Subscription is conditional upon the following conditions (which cannot be waived) having been fulfilled on or before 31 August 2005 (or such other date and time as may be agreed between the Company and the Subscribers in writing):

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; and
- (b) the Sale and Purchase Agreements becoming unconditional and having been completed.

Completion

Subject to fulfilment of the conditions of the Subscription, completion of the Subscription will take place within 15 days after the Company has received the subscription money from the Subscribers.

Changes to shareholding structure

The shareholding structure of the Company immediately before and after completion of the Subscription is as follows:

Shareholders	At the date of this announcement and immediately before completion of the Subscription	Immediately after completion of the Subscription and the allotment and issue of the Subscription Shares
Foxconn (Far East) Limited (<i>note</i>)	Approximately 73.36%	Approximately 73.07%
Chin Wai Leung, Samuel	Approximately 0.35%	Approximately 0.348%
Dai Feng Shuh	Approximately 0.35%	Approximately 0.348%
The Subscribers	Nil	Approximately 0.387%
Public	<u>Approximately 25.94%</u>	<u>Approximately 25.845%</u>
	<hr/> <u>100%</u>	<hr/> <u>100%</u>

Note: Foxconn (Far East) Limited is wholly owned by Hon Hai Precision Industry Company Limited

Funds raised by the Company in the past twelve months

The funds raised by the Company by the issue of Shares in the twelve months immediately preceding the date of this announcement, and the use of such proceeds thereof, are set out in the prospectus of the Company dated 24 January 2005. Save as disclosed in such prospectus, the Company has not raised any funds by the issue of Shares in the preceding twelve months.

Reasons for the Subscription and use of proceeds

The Subscribers are the employees of CMCS. By entering into the Subscription Agreements, the Subscribers can be motivated to strive for the future development of CMCS and the Group. The net proceeds from the Subscription of approximately HK\$136,124,475 will be used as general working capital of the Group. To the best knowledge of the Directors, the Company does not currently have any definite plan of acquisition or disposal.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

THE COMPANY'S PRINCIPAL ACTIVITIES

The Group is a leading vertically integrated manufacturing services provider for the handset industry worldwide. It provides a full range of manufacturing services to its customers in connection with the production of handsets.

THE SALE AND PURCHASE AGREEMENTS

Date: 3 August 2005

Parties: (1) Transworld, as the purchaser

(2) each of the Subscribers, as the respective vendor

Asset acquired: 19,118,000 shares of CMCS (representing 12.75% of its total issued share capital)

Consideration: NT\$563,981,000 (US\$17,710,190) (representing NT\$29.5 (US\$0.926) per share), payable in cash upon completion.

The consideration was agreed after arm's length negotiations between Transworld and the Subscribers with reference to the price/earnings multiple of 11.3 times of CMCS's audited earnings in 2004. The acquisition was funded by internal resources of the Group.

Completion: Completion shall take place after approval is obtained from the Investment Commission of the Ministry of Economic Affairs of Taiwan. Save for the above, there is no other condition for the acquisition pursuant to the Sale and Purchase Agreements.

The reason for the acquisition is to consolidate the Company's interest in CMCS, which will increase from 56.48% to 69.23% after completion of the Sale and Purchase Agreements. The Directors believe the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

CMCS is a limited liability company incorporated in Taiwan. CMCS is a Taiwan-based original design manufacturer (ODM) in the mobile phone industry dedicated to providing worldwide top-tier handset brand names with one-stop shop services ranging from design, manufacturing and testing to cutting edge wireless technology applications. Its business focus is mainly on OEM/ODM of GSM, GPRS, EDGE handsets and modules.

The audited net asset value of CMCS was approximately NT\$1,426 million (US\$44.78 million) as at 31 December 2003 and NT\$1,817 million (US\$57.05 million) as at 31 December 2004.

For the financial year ended 31 December 2004, the audited net profits before and after taxation and extraordinary items of CMCS were approximately NT\$394 million (US\$12.37 million) and NT\$391 million (US\$12.27 million), respectively. For the financial year ended 31 December 2003, the audited net profits before taxation and extraordinary items and audited net losses after taxation and extraordinary items of CMCS were approximately NT\$5 million (US\$0.16 million) and NT\$36 million (US\$1.13 million), respectively.

The above further acquisition of shares in CMCS does not constitute a notifiable transaction of the Company under the Listing Rules.

CONNECTED TRANSACTIONS

Mr. Chih is a director of CMCS and therefore a connected person of the Company. Each of Transworld's acquisition of his CMCS shares and his Subscription of the Subscription Shares therefore constitutes a connected transaction of the Company.

Transworld's acquisition of shares in CMCS from Mr. Chih

Each of the relevant percentage ratios (other than profits ratio) for Transworld's acquisition of 2,000,000 shares in CMCS (representing 1.33% of its total issued share capital) from Mr. Chih for NT\$59 million (US\$1.85 million) is less than 2.5% and therefore such acquisition will only be subject to reporting and announcement requirements and is exempt from independent shareholders' approval under Rule 14A.32 of the Listing Rules. The consideration was agreed after arm's length negotiations between Transworld and Mr. Chih with reference to the price/earnings multiple of 11.3 times of CMCS's audited earnings in 2004.

Subscription of the Subscription Shares by Mr. Chih

Under Rule 14A.17 of the Listing Rules, Mr. Chih's Subscription is subject to the disclosure and independent shareholders' approval requirements. Written approval of Mr. Chih's Subscription will be obtained from Foxconn (Far East) Limited, which currently holds 73.36% of the voting shares of the Company and has no material interest in Mr. Chih's Subscription, in lieu of seeking shareholders' approval at a general meeting of the Company. If such written approval is not obtained, the Company will comply with the applicable requirements of the Listing Rules. No shareholder of the Company is required to abstain from voting on Mr. Chih's Subscription. An application has been made to the Stock Exchange for a waiver from strict compliance with the Listing Rules regarding the holding of a physical shareholders' meeting for the approval of Mr. Chih's Subscription pursuant to Rule 14A.43 of the Listing Rules.

A circular containing, among other things, details of Mr. Chih's Subscription, the recommendation from the independent board committee and the opinion from the independent financial adviser, will be despatched to the Shareholders as soon as practicable after the publication of this announcement.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 4 August 2005 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 5 August 2005.

DEFINITIONS

“ABS”	Copolymer of Acrylonitrile, Butadiene and Styrene
“AS”	Acrylic Sheet
“Board”	the board of Directors
“CMCS”	Chi Mei Communications Systems, Inc., a company incorporated in Taiwan and a 56.48%-owned subsidiary of the Company
“Company”	Foxconn International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 2038)
“connected person”	has the meaning given to it by the Listing Rules
“Directors”	the directors of the Company
“EDGE”	Enhanced Data Rate for GSM Evolution
“GPRS”	General Packet Radio Service
“Group”	the Company and its subsidiaries
“GSM”	Global System for Mobile Communications
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chih”	Calvin Chih, a director of CMCS and therefore a connected person of the Company
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“OEM”	original equipment manufacturer
“PMMA”	Poly Methyl Methacrylate
“PS”	Polystyrene
“Sale and Purchase Agreements”	the sale and purchase agreements all dated 3 August 2005 between Transworld and each of the Subscribers in respect of the acquisition by Transworld of an aggregate of 19,118,000 shares of CMCS (representing 12.75% of its total issued share capital) from the Subscribers

“Share(s)”	ordinary share(s) of US\$0.04 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	282 employees of CMCS, including Mr. Chih
“Subscription”	subscription for the Subscription Shares subject to and upon the terms and conditions of the Subscription Agreements
“Subscription Agreements”	the Subscription Agreements all dated 3 August 2005 and entered into between the Company and each of the Subscribers in respect of the Subscription
“Subscription Shares”	a total of 26,915,000 new Shares
“Transworld”	Transworld Holdings Limited, an indirect wholly-owned subsidiary of the Company incorporated in Samoa
“US\$”	United States dollars, the lawful currency of the United States of America

Note: the figures in NT\$ are converted into US\$ at the rate of NT\$31.845 = US\$1.00 throughout this announcement for indication purposes only.

As at the date of this announcement, the executive Directors are Messrs. Chin Wai Leung, Samuel and Dai Feng Shuh, the non-executive Directors are Messrs. Chang Ban Ja, Jimmy, Lee Jin Ming and Lu Fang Ming and Miss Gou Hsiao Ling and the independent non-executive Directors are Messrs. Lau Siu Ki, Edward Fredrick Pensel and Mao Yu Lang.

By Order of the Board
Chin Wai Leung, Samuel
Chairman and Chief Executive Officer

Hong Kong, 4 August 2005

* *for identification only*

Please also refer to the published version of this announcement in The Standard.