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## **Foxconn International Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 2038)

### **REVISION OF ANNUAL CAPS IN RESPECT OF CERTAIN CONTINUING CONNECTED TRANSACTIONS**

#### **EXTENSION OF THE DESPATCH DEADLINE FOR THE CIRCULAR**

The Company refers to the announcement of the Company dated 12 January 2006 in respect of certain Continuing Connected Transactions between the Group and the Hon Hai Group. As a result of the continuous high growth of the business of the Group, the Company now proposes to further revise the annual caps for the Purchase Transaction for the year ended 31 December 2005 and the two years ending 31 December 2006 and 2007 from US\$414 million, US\$621 million and US\$931 million, respectively, to US\$480 million, US\$844 million and US\$1,266 million, respectively, subject to approval of the independent shareholders of the Company.

As a result of the above and arranging the publication of this announcement, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14A.49 of the Listing Rules to extend the deadline for the despatch of the circular from 3 February 2006 to the 21st day after the publication of this announcement in newspapers, being 14 February 2006.

The Company refers to the announcement of the Company dated 12 January 2006 in respect of certain Continuing Connected Transactions between the Group and the Hon Hai Group (the "Announcement"). Capitalized terms used in this announcement have the same meanings as defined in the Announcement, unless the context requires otherwise.

As set out in the Announcement, the Company originally proposed to revise and set the annual caps in respect of the Purchase Transaction for the year ended 31 December 2005 and the two years ending 31 December 2006 and 2007 to be US\$414 million, US\$621 million and US\$931 million respectively. It was also set out in the Announcement that the proposed caps were set by the Company based on, *inter alia*, the management accounts of the Group for the ten months ended 31 October 2005.

Based on the preliminary figures under the unaudited management accounts of the Group for the year ended 31 December 2005, the estimated value of the Purchase Transaction exceeds the relevant revised cap of US\$414 million as originally proposed and set out in the Announcement. The Company believes that this is mainly due to the continuous high growth of the business of the Group; the continuous convergence trend of the 3C industry and the members of the Hon Hai Group being the key players of the 3C industry; the enhancement of the production capacity of the Hon Hai Group which in turn led to enhancement of the ability of the Hon Hai Group to supply raw materials and components to the Group; and more members of the Hon Hai Group having become suppliers approved by the customers of the Group. Accordingly, the Company proposes to further revise the annual caps in respect of the Purchase Transaction for the year ended 31 December 2005 and the two years ending 31 December 2006 and 2007 to be US\$480 million, US\$844 million and US\$1,266 million respectively. The revised caps were determined based on (i) the unaudited management accounts of the Group for the year ended 31 December 2005; (ii) the recent historical percentage of the value of the Purchase Transaction to the Group's turnover; (iii) the turnover outlook of the Group for the years ending 31 December 2006 and 2007 (which in turn was set based on, among other factors, the estimated growth rates of the global handset industry); and (iv) a general buffer of 10%.

The increase in the currently proposed caps for the Purchase Transaction as compared with those set out in the Announcement is mainly due to (i) increase in the percentage of the purchases from the Hon Hai Group to the turnover of the Group for the six months ended 31 December 2005 (used for the determination of the current revised caps) as compared with that for the three months ended 30 September 2005 (used for the setting of the originally proposed revised caps for the Purchase Transaction as set out in the Announcement); and (ii) increase in the general buffer to 10% in view of the substantial historic growth of the Purchase Transaction.

In order to monitor the amount of the continuing connected transactions for compliance with the Listing Rules, the Company will estimate the value of each class of continuing connected transactions when preparing its budgets at the beginning of each financial year and will prepare monthly summaries of all the continuing connected transactions. The Company will timely check the value of the continuing connected transactions against the relevant approved caps and compare it with the budgets for the continuing connected transactions with a view to determining whether any compliance actions have to be taken by the Company.

It has also been mentioned in the Announcement that the Company is in the process of reviewing its internal control procedures with a view to further enhancing the Company's ability to monitor the amount of the continuing connected transactions and to ensure compliance with the Listing Rules.

As explained in the Announcement, the Purchase Transaction constitutes a non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The Purchase Transaction, the Purchase Supplemental Agreement and the relevant proposed caps are therefore subject to approval of the independent shareholders of the Company.

The Company is required to issue a circular to its shareholders setting out, *inter alia*, (i) details of the Purchase Transaction, as well as the Product Sales Transaction, the Supplemental Agreements and the applicable proposed annual caps; and (ii) the letter from the independent board committee of the Company to the independent shareholders and the letter from the independent financial adviser to the independent board committee and the independent shareholders of the Company in respect of the above matters. Under Rule 14A.49 of the Listing Rules, the Company is required to despatch the circular to its shareholders on or before 3 February 2006. However, as a result of the further revisions of the proposed annual caps of the Purchase Transaction and arranging the publication of this announcement, the Company considers that it may take more time for the Company to prepare the circular and for the independent financial adviser to prepare its letter of advice. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14A.49 of the Listing Rules to extend the deadline for the despatch of the circular from 3 February 2006 to the 21st day after the publication of this announcement in newspapers, being 14 February 2006.

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

Hong Kong, 23 January 2006

*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.*

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