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CONNECTED TRANSACTION

Financial adviser

OSK Asia Capital Limited

The Board is pleased to announce that on 23 April 2008, FTH Precision, HFJ Precision and FTH Property entered into the Agreement under which (among other things) FTH Precision has agreed to subscribe for newly-issued equity interests in FTH Property by vesting in FTH Property the Land Use Right valued at approximately RMB444.9 million as at 26 March 2008, and HFJ Precision has agreed to subscribe for newly-issued equity interests in FTH Property by cash of RMB190 million, in each case upon and subject to the terms and conditions set out therein. FTH Precision acquired the Land Use Right from the Shenzhen Land Resources and Property Management Bureau (深圳市國土資源和房地產管理局) through a land auction in September 2006 at a consideration of approximately RMB431.9 million. FTH Property will construct quarters for the respective staff of the Group and the Hon Hai Group on the Land.

FTH Precision is a wholly-owned subsidiary of the Company. HFJ Precision is a wholly-owned subsidiary of Hon Hai. FTH Property is at present a wholly-owned subsidiary of FTH Precision. Upon completion of the Transaction, FTH Property shall be owned as to approximately 70.12% by FTH Precision and approximately 29.88% by HFJ Precision.

Hon Hai is the ultimate controlling shareholder of the Company holding approximately 71.99% of the issued share capital of the Company. Accordingly, HFJ Precision is a connected person of the Company. The Transaction constitutes a connected transaction for the Company under Rule 14A.32 of the Listing Rules, which is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.32(1) of the Listing Rules.

INTRODUCTION

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

The Hon Hai Group is a global manufacturing service provider in the 3C industries. Hon Hai is the ultimate controlling shareholder of the Company holding approximately 71.99% of the issued share capital of the Company.

THE AGREEMENT

On 23 April 2008, FTH Precision, HFJ Precision and FTH Property entered into the Agreement pursuant to which, among other things, (i) FTH Precision has agreed to subscribe for newly-issued equity interests in FTH Property by vesting in FTH Property the Land Use Right valued at approximately RMB444.9 million as at 26 March 2008, and (ii) HFJ Precision has agreed to subscribe for newly-issued equity interests in FTH Property by cash of RMB190 million, in each case upon and subject to the terms and conditions set out therein.

FTH Precision is a wholly-owned subsidiary of the Company. HFJ Precision is a wholly-owned subsidiary of Hon Hai and is principally engaged in 3C industries related businesses. FTH Property is at present a wholly-owned subsidiary of FTH Precision. Upon completion of the Transaction, FTH Property shall be owned as to approximately 70.12% by FTH Precision and approximately 29.88% by HFJ Precision.

FTH Precision is currently the owner of the Land Use Right. Under the Agreement, FTH Precision shall vest the Land Use Right in FTH Property after the completion of the registration with the appropriate PRC government authority in respect of the increase in the registered capital of FTH Property (增加註冊資本工商變更登記).

HFJ Precision shall inject RMB127 million in cash in FTH Property before the registration with the appropriate PRC government authority in respect of the increase in the registered capital of FTH Property (增加註冊資本工商變更登記). Further, HFJ Precision shall inject the remaining RMB63 million by cash within 2 years after completion of the aforesaid registration.

INFORMATION IN RESPECT OF FTH PROPERTY

FTH Property was established by FTH Precision in the PRC in June 2007 with a registered capital of RMB1 million. FTH Property has not conducted any business since its establishment and has not reported any income or expense since its establishment up to 31 March 2008. As at 31 March 2008, the total assets and net assets of FTH Property were RMB1 million.

Pursuant to the Agreement, the board of directors of FTH Property will comprise three members, being two representatives from FTH Precision and one representative from HFJ Precision.

Registered capital

Set out below are the existing registered capital and the registered capital of FTH Property upon the completion of the Transaction:

	Existing registered capital		Registered capital upon the completion of the Transaction	
	RMB in million	%	RMB in million	%
FTH Precision	1.0	100.00	445.9	70.12
HFJ Precision	-	-	190.0	29.88
	<u>1.0</u>	<u>100.00</u>	<u>635.9</u>	<u>100.00</u>

Business and operation of FTH Property and information in respect of the Land

After completion of the Transaction, FTH Property will own the Land Use Right. It is proposed that buildings will be constructed on the Land for the purpose of providing quarters to the respective staff of the Group and the Hon Hai Group with reference to the then requirements of staff quarters by the Group and the Hon Hai Group respectively. FTH Property shall not be obliged to provide staff quarters to the Group and the Hon Hai Group in accordance with their respective equity interest holdings in FTH Property after the Transaction has been completed. Should the above provision of staff quarters constitute a connected transaction for the Company, the Company will then comply with the relevant requirements under the Listing Rules.

The basic information in respect of the Land is as follows:

Location : 中國深圳市寶安區宗地編號 A511-0023 地塊
(Lot No. A511-0023, Baoan, Shenzhen, the PRC)

Land area : 67,079.85 m²

FTH Precision acquired the Land Use Right from the Shenzhen Land Resources and Property Management Bureau (深圳市國土資源和房地產管理局) through a land auction in September 2006 at a consideration of approximately RMB431.9 million, representing approximately 97.1% of the value of the Land Use Right ascribed to it under the Agreement. Based on the valuation prepared by Shenzhen Guozi Land & Real Estate Valuation Co., Ltd. (深圳市國咨土地房地產評估有限公司), an independent PRC valuer, as at 26 March 2008, the Land Use Right was valued at approximately RMB444.9 million which is equivalent to the value of the Land Use Right ascribed to it under the Agreement.

The Transaction constitutes a deemed disposal of equity interests of FTH Property by the Company under the Listing Rules. The Group does not expect to record any gain or loss arising from the Transaction.

The RMB190 million cash contribution to be made by HFJ Precision under the Agreement will be used to construct staff quarters on the Land. Apart from vesting in FTH Property the Land Use Right, the Group is not committed to provide any further funding to FTH Property.

REASONS FOR THE TRANSACTION

The Group acquired the Land Use Right and established FTH Property with a view to providing quarters to staff of the Group in Shenzhen, the PRC. Due to the adjustment on the Group's requirement and with a view to better utilizing the Land, FTH Precision has invited and reached the Agreement with HFJ Precision in respect of the construction of staff quarters on the Land for the respective staff of the Group and the Hon Hai Group.

Given the reasons for the Transaction and that the value of the contributions of FTH Precision and HFJ Precision is determined after arm's length negotiations between the parties with reference to the acquisition cost and the latest valuation of the Land Use Right and the amount of cash to be contributed by HFJ Precision, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and are normal commercial terms and the Transaction is in the interests of the Company and the Shareholders as a whole.

LISTING RULES REQUIREMENTS

The Transaction constitutes a connected transaction for the Company. As all the applicable percentage ratios in respect of the Transaction are less than 2.5%, the Transaction is only subject to the reporting and announcement requirements under the Listing Rules and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.32(1) of the Listing Rules. The Company will disclose the relevant details of the Transaction in the next published annual report of the Company for the year ended 31 December 2008 in accordance with the Listing Rules.

DEFINITIONS

"Agreement"	the capital increase and share expansion agreement dated 23 April 2008 entered into among FTH Precision, HFJ Precision and FTH Property, pursuant to which, among other things, (i) FTH Precision has agreed to subscribe for newly-issued equity interests in FTH Property by vesting the Land Use Right in FTH Property, and (ii) HFJ Precision has agreed to subscribe for newly-issued equity interests in FTH Property by cash of RMB190 million, in each case upon and subject to the terms and conditions set out therein
"associate(s)"	having the meaning as defined in the Listing Rules
"Board"	the board of directors of the Company as constituted from time to time
"Company"	Foxconn International Holdings Limited(富士康國際控股有限公司*), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company for the time being

“FTH Precision”	深圳富泰宏精密工業有限公司 (Shenzhen Futaihong Precision Industrial Co., Ltd. *), a wholly-owned subsidiary of the Company
“FTH Property”	深圳市富泰宏光明房地產有限公司 (Shenzhen Futaihong Guang Ming Property Co., Ltd.*), presently a wholly-owned subsidiary of FTH Precision
“Group”	the Company and/or its subsidiaries (as the case may be)
“HFJ Precision”	鴻富錦精密工業(深圳)有限公司 (Hong Fu Jin Precision Industry (Shen Zhen) Co. Ltd.), a wholly-owned subsidiary of Hon Hai
“Hon Hai”	鴻海精密工業股份有限公司 (Hon Hai Precision Industry Company Limited), the ultimate controlling shareholder of the Company
“Hon Hai Group”	Hon Hai, its subsidiaries and/or associates (as the case may be) (excluding members of the Group)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land located in 中國深圳市寶安區宗地編號 A511-0023 (Lot No. A511-0023, Baoan, Shenzhen, the PRC) with an area of 67,079.85 m ²
“Land Use Right”	the legal right to use the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“m ² ”	square metres
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of the Shares
“Shares”	the ordinary shares of US\$0.04 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	having the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the laws of Hong Kong)

“Transaction”	the transactions contemplated under the Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“3C”	computer, communication and consumer electronics
“%”	per cent

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

Hong Kong, 23 April 2008

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, Mao Yu Lang and Dr. Daniel J. Mehan.

** for identification purposes only*