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

PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Board of Directors ("Board") of Foxconn International Holdings Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, "Group") for the year ended 31 December 2008 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	**2008** *US$'000*	2007 *US$'000*
Turnover		**9,271,042**	10,732,320
Cost of sales		**(8,628,552)**	(9,748,236)
Gross profit		**642,490**	984,084
Other income		**204,251**	152,125
Selling expenses		**(16,558)**	(20,560)
General and administrative expenses		**(314,880)**	(228,036)
Research and development expenses		**(231,267)**	(100,878)
Impairment loss of property, plant and equipment		**(52,242)**	–
Interest expense on bank borrowings		**(31,811)**	(31,193)
Impairment loss recognised in respect of investment in an associate		**(3,250)**	–
Share of profit of associates		**671**	–
Profit before tax		**197,404**	755,542
Income tax expense	*3*	**(75,465)**	(30,063)
Profit for the year		**121,939**	725,479
Attributable to:			
Equity holders of the Company		**121,115**	721,424
Minority interests		**824**	4,055
		121,939	725,479
Earnings per share	*4*		
Basic		**US1.72 cents**	US10.27 cents
Diluted		**US1.70 cents**	US9.91 cents

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	Notes	2008 US$'000	2007 US$'000
Non-current assets			
Property, plant and equipment		**2,072,738**	1,712,759
Prepaid lease payments		**169,827**	121,873
Available-for-sale investments		**3,898**	28,027
Interests in associates		**40,923**	–
Goodwill		**63,075**	63,075
Deferred tax assets		**20,077**	22,095
Deposits for acquisition of property, plant and equipment		**21,775**	19,107
Deposits for prepaid lease payments		**15,360**	27,552
		2,407,673	1,994,488
Current assets			
Inventories		**842,863**	856,388
Investments held for trading		**970**	2,229
Trade and other receivables	6	**1,438,638**	2,311,446
Bank deposits		**132,555**	286,548
Bank balances and cash		**705,037**	1,255,117
		3,120,063	4,711,728
Current liabilities			
Trade and other payables	7	**1,435,284**	2,215,755
Bank loans		**477,932**	978,027
Provision		**43,290**	77,961
Tax payable		**65,541**	66,555
		2,022,047	3,338,298
Net current assets		**1,098,016**	1,373,430
Total assets less current liabilities		**3,505,689**	3,367,918
Capital and reserves			
Share capital		**282,458**	282,098
Reserves		**3,138,875**	3,026,894
Equity attributable to equity holders of the Company		**3,421,333**	3,308,992
Minority interests		**34,178**	16,177
Total equity		**3,455,511**	3,325,169
Non-current liabilities			
Deferred tax liabilities		**8,673**	208
Deferred income		**41,505**	42,541
		50,178	42,749
		3,505,689	3,367,918

Notes:

1. **APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS**

In the current year, the Group has applied the following amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board which are or have become effective.

IAS 39 & IFRS 7 (Amendments)	Reclassification of Financial Assets
IFRIC – Int 11	IFRS 2: Group and Treasury Share Transactions
IFRIC – Int 12	Service Concession Arrangements
IFRIC – Int 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

IFRSs (Amendments)	Improvements to IFRSs[1]
IAS 1 (Revised)	Presentation of Financial Statements[2]
IAS 23 (Revised)	Borrowing Costs[2]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
IAS 39 (Amendment)	Eligible hedged items[3]
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
IFRS 3 (Revised)	Business Combinations[3]
IFRS 8	Operating Segments[2]
IFRIC – Int 13	Customer Loyalty Programmes[4]
IFRIC – Int 15	Agreements for the Construction of Real Estate[2]
IFRIC – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
IFRIC – Int 17	Distribution of Non-cash Assets to Owners[3]
IFRIC – Int 18	Transfers of Assets from Customers[6]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to IFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 October 2008
[6] Effective for transfer on or after 1 July 2009

The application of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary. IAS23 (Revised) may result in inclusion of borrowing costs in the cost of qualifying assets when the borrowing costs are directly attributables to such 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 results and the financial position of the Group.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

The directors consider that the Group is in a single business segment as the turnover and profit are derived entirely from the end-to-end handset manufacturing service to the customers.

Segment information regarding the Group's sales by geographical market based on the location of its customers, irrespective of the origin of the goods/services, is presented below.

INCOME STATEMENT

	Year ended 31 December 2008			
	Asia	**Europe**	**America**	**Consolidated**
	US$'000	***US$'000***	***US$'000***	***US$'000***
TURNOVER				
External sales	4,887,777	1,526,615	2,856,650	9,271,042
RESULTS	409,241	68,611	168,575	646,427
Unallocated income				131,514
Unallocated expenses				(546,147)
Unallocated interest expense on bank borrowings				(31,811)
Unallocated impairment loss recognised in respect of investment in an associate				(3,250)
Unallocated share of profits of associates				671
Profit before tax				197,404
Income tax expense				(75,465)
Profit for the year				121,939

	Year ended 31 December 2007			
	Asia	Europe	America	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*
TURNOVER				
External sales	5,757,034	2,419,608	2,555,678	10,732,320
RESULTS	541,414	210,875	225,039	977,328
Unallocated income				138,321
Unallocated expenses				(328,914)
Unallocated interest expense on bank borrowings				(31,193)
Profit before tax				755,542
Income tax expense				(30,063)
Profit for the year				725,479

Majority of the Group's sales to Asian customers is attributed to the Group's operation in China.

3. INCOME TAX EXPENSE

	2008	2007
	US$'000	*US$'000*
Current tax	**64,272**	35,178
(Over) under provision in prior years	**(2,060)**	2,066
	62,212	37,244
Deferred tax		
Current year	**14,084**	(3,899)
Attributable to a change in tax rate	**(831)**	(3,282)
	13,253	(7,181)
	75,465	30,063

4. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of US$121,115,000 (2007: US$721,424,000) and the weighted average number of 7,058,668,449 (2007: 7,021,486,715) shares in issue.

The calculation of the diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2008	2007
	US$'000	*US$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	**121,115**	721,424
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**7,058,668,449**	7,021,486,715
Effect of dilutive potential ordinary shares:		
Share options	**63,115,854**	255,933,595
Other share-based payment plan	**–**	2,461
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**7,121,784,303**	7,277,422,771

5. DIVIDEND

No dividend was paid or proposed during 2008 (2007: Nil), nor has any dividend been proposed since the balance sheet date.

6. TRADE AND OTHER RECEIVABLES

	2008	2007
	US$'000	*US$'000*
Trade receivables	**1,115,817**	2,064,448
Less: allowance for doubtful debts	**(1,233)**	(1,643)
	1,114,584	2,062,805
Other taxes recoverables	**289,409**	167,945
Other receivables	**34,645**	80,696
Total trade and other receivables	**1,438,638**	2,311,446

The Group normally allows an average credit period of 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	2008	2007
	US$'000	*US$'000*
0-90 days	**1,108,015**	2,038,851
91-180 days	**5,586**	21,066
181-360 days	**386**	2,138
Over 360 days	**597**	750
	1,114,584	2,062,805

7. TRADE AND OTHER PAYABLES

	2008	2007
	US$'000	*US$'000*
Trade payables	**1,008,666**	1,823,510
Accruals and other payables	**426,618**	392,245
	1,435,284	2,215,755

The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	US$'000	*US$'000*
0-90 days	**961,841**	1,796,333
91-180 days	**34,229**	19,244
181-360 days	**6,296**	3,542
Over 360 days	**6,300**	4,391
	1,008,666	1,823,510

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

2008 was a traumatic year for global economy and industries. The financial tsunami originated from Wall Street had rapidly swept through all regions and created a sudden freeze in global consumption and widely-spread loss of individual wealth. Badly shaken consumer confidence worldwide had transformed the market place into a world of uncertainty and economic contraction.

Despite our efforts to further diversify customer base and mitigate market and customer risks, revenue for the year 2008 was US$9,271 million, which represents a decrease of US$1,461 million, or 13.61% over the prior year revenue of US$10,732 million.

Due to changes in product mix, lower demand and pricing due to global economic downturn, and higher operating costs resulting primarily from lower utilisation of facilities, the relocation of certain of the Group's production facilities, the restructuring of the Group's global operations and the Group's increased long-term investment in research and development activities, reduced foreign exchange gain as well as higher income tax expenses, among other things, profit for the year 2008 attributable to equity holders of the Company was US$121 million, representing a sharp decline of 83.22% over the prior year amount of US$721 million. Basic earnings per share for the year 2008 were US1.72 cents.

Aside from the financial tsunami of 2008, global handset OEM markets were marked by continued industry consolidation and 3C (computer, communication and consumer electronics) convergence pressure resulted from entry of new players. Poor visibility in global consumer demand and severe competition led to handset OEMs' ever increasing needs for further cost-down and supply chain restructuring, FIH's vertical integration capabilities and eCMMS model were hence highly appreciated by our existing and new customers. Facing the challenges in the markets, our customers continued to look for our assistance in delivering end-to-end manufacturing and services solutions to them. Our integrated mechanical and electrical engineering capabilities, together with the key components competencies and in-depth 3C industry manufacturing credentials of Hon Hai Precision Industry Company Limited ("Hon Hai") and its group companies, have proven instrumental to our customers in dealing with volatile consumer demand, shorter handset product life cycles and critical requirements for innovative product designs.

2008 also marked a year with strong smart phone growth. Several new players had either announced new products or their intention to enter the wireless smart hand-held market. We spotted the growing trend and customers' increasing demand for product design and software development in this segment. Therefore, we continued to expand the depth and scope of our technology teams' capabilities by adding more engineering resources to our design centers in Taipei, Beijing, Nanjing and Seoul. Establishment of various software platform capabilities were also top of our agenda. With such consistent investments in research and development, we demonstrated to customers our commitment to assist them in joint development and joint design projects for state-of-the-art smart handheld devices. While investments in research and developments typically may not create immediate returns, it is our belief that these investments will be key to our future success.

Not only had we greatly increased our involvement in customers' front-end design activities, we had also expanded into the back-end after-sales repair services for our customers in 2008. Leveraging off our global footprint and logistics flexibility, several customers have entrusted us to take care of this business for them.

Feeling the uncertainties in the market, we took decisive actions towards cost optimization since the third quarter of 2008. Re-alignment of our global manufacturing resources was an essential step. We had consolidated regional operations, underwent capacity review and took necessary actions in each location. Throughout 2008, we continued moving to cost-effective new manufacturing sites in China and India. Such re-location should be completed soon to save the one-off additional costs. Our global headcount adjustment also took place to reflect the operating environment ahead. We will continue to re-align our global resources deployment according to market conditions in 2009.

Liquidity and Financial Resources

As at 31 December 2008, we had a cash balance of US$705 million. The cash balance is expected to finance our working capital and capital expenditure plans in light of our continuous sales growth. Our gearing ratio, expressed as a percentage of interest bearing external borrowings of US$478 million over total assets of US$5,528 million, was 8.65%.

Net cash generated from operating activities for the year ended 31 December 2008 was US$435 million.

Net cash used in investing activities for the year ended 31 December 2008 was US$529 million, of which US$648 million was the expenditures on property, plant and equipment related to the facilities in our major sites in China, India etc., US$167 million represented decrease in bank deposits and US$47 million represented investments in two associates.

Net cash used in financing activities for the year ended 31 December 2008 was US$506 million, primarily due to net decrease in bank loans of US$530 million, proceeds of US$7 million from the issue of shares upon the exercise of share options, US$19 million from capital contribution by the minority shareholder of Shenzhen Futaihong Guang Ming Property Co., Ltd., a subsidiary of the Company. The maturities of the bank loans were approximately 3-6 months and of which were all borrowed at fixed interest rates then.

Exposures to Currency Risk and Related Hedges

In order to mitigate foreign currency risks, the Group actively utilised natural hedge technique to manage its foreign currency exposures by non-financial methods, such as managing the transaction currency, leading and lagging payments, receivable management, etc.

Besides, the Group sometimes entered into short-term foreign currency forward contracts (less than 3 months) to hedge the currency risk resulting from its different currency incomes in many different countries.

Capital Commitments

As at 31 December 2008, the capital commitment of the Group was US$108.48 million (2007: US$207.99 million). Usually, the capital commitment will be funded by profits generated from operations.

Pledge of Assets

A subsidiary of the Company has pledged its corporate assets of approximately US$5.6 million (2007: US$5.9 million) to secure general banking facilities granted to the Group.

Significant Investments

In 2008, we completed a significant part of the construction work for our sites in China and India. This is part of our multi-year global manufacturing strategic transition to lower cost areas. To further enhance our ability to provide better support to our key customers, we expect execution of such a transition and rationalization of our global capacity will continue in 2009.

During 2008, we continue to see selective strategic investments a valid way to expand our capabilities; our investment in the Taiwan based decorative coating expert is yet another perfect example - Ways Technical Corp., Ltd. has not only brought in the consumer much coveted surface treatment, but also enabled our growing presence and relationship in smart handheld device space.

Outlook

In 2009, this dynamic and challenging environment resulting from financial tsunami will continue to remain until the global consumer confidence restored. We will cope with these challenges by further strengthen our partnerships with existing customers as well as diversify our customer base. We believe our unique value proposition and execution, coupled with Hon Hai group’s strengths, will prove to be a steady support to our customers in the difficult market. After all, speedy product development, timely and flexible volume ramp, dedicated engineering services, and scale of global operations will be even more important to our customers’ profitability and their supply chains.

Looking forward, with this vision in mind, we will continue to further enhance our vertical integration capabilities and service quality to our ever expanding customer base and continue to optimize and rationalize our manufacturing capacity in each geographic region. We will also continue to invest in research and development, engineering resources and new process technologies. With our fundamental competitive strength intact, we are confident that we can develop much closer partnerships through effective supply chain streamlining for our key customers. With that, we will be in a good position to take on more out-sourcing demand from our customers.

Employees

As at 31 December 2008, the Group had a total of 108,237 (2007: 123,917) employees. Total staff costs incurred during the year 2008 amounted to US$672.20 million (2007: US$464.52 million). The Group offers a comprehensive remuneration policy which is reviewed by the management on a regular basis.

The Company has adopted a share scheme and a share option scheme respectively. The share option scheme complies with the requirements of Chapter 17 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 7 April 2009 to Tuesday, 14 April 2009, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend the Company's forthcoming annual general meeting to be held on Tuesday, 14 April 2009, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 6 April 2009.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CCGP") contained in Appendix 14 to the Listing Rules throughout the accounting year ended 31 December 2008 except for code provision A.2.1, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Under code provision A.2.1 of the CCGP, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chin Wai Leung, Samuel currently holds both positions in the Company. In light of the daunting challenges from the financial tsunami the world is facing and huge uncertainty as the result, the importance of the continuation in implementation of business plan and formulation of business strategies and to avoid create unnecessary confusion over stability to customers worldwide, the Board considers that the present arrangement for Mr. Chin, the chairman, to hold the office of chief executive officer of the Company is beneficial and in the interests of the Company and its shareholders as a whole. However, in the spirit of corporate governance, the Board will continue to review in the current year the roles of chairman and chief executive officer and, if considered appropriate, separate the two roles in compliance with code provision A.2.1 of the CCGP.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry made by the Company, all the directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2008.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2008.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the CCGP. Its primary duties are to review and supervise the Group's financial reporting process and internal controls system, nominate and monitor external auditors and provide advice and comments to the Board. The audit committee is comprised of three non-executive directors, two of whom are independent non-executive directors (among whom one of the independent non-executive directors has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules).

The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2008.

DISCLOSURE OF INFORMATION ON WEBSITES

The 2008 Annual Report of the Company containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the websites of the Stock Exchange and the Company respectively in due course.

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

Hong Kong, 6 March 2009

As at the date of this announcement, the executive directors of the Company are Messrs. Chin Wai Leung, Samuel and Dai Feng Shuh, the non-executive directors of the Company are Messrs. Chang Ban Ja, Jimmy, Lee Jin Ming and Lu Fang Ming and Ms. Gou Hsiao Ling and the independent non-executive directors of the Company are Messrs. Lau Siu Ki, Chen Fung Ming and Dr. Daniel Joseph Mehan.

* *For identification purposes only*