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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
FOXCONN PRECISION ELECTRONICS (TAIYUAN) CO., LTD.*
(富士康精密電子(太原)有限公司)**

The Board wishes to announce that on 18 March 2011, Grand Champion and Prime Rich entered into an Equity Transfer Agreement, pursuant to which Grand Champion has agreed to sell, and Prime Rich has agreed to purchase, the entire equity interest in Foxconn Precision at a cash consideration of RMB463,274,241 subject to obtaining the relevant approvals from the PRC and Taiwan authorities as set out in the Equity Transfer Agreement and this announcement.

Grand Champion is an indirect wholly-owned subsidiary of the Company. Prime Rich is an indirect wholly-owned subsidiary of Hon Hai. Upon completion of the Disposal, Foxconn Precision shall be an indirect wholly-owned subsidiary of Hon Hai through Prime Rich, and no longer be a subsidiary of the Company.

Hon Hai is the ultimate controlling Shareholder interested in approximately 70.58% of the entire issued share capital of the Company. Accordingly, Prime Rich, as an indirect wholly-owned subsidiary of Hon Hai, is a connected person of the Company. Therefore, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hon Hai and its associates will abstain from voting in the EGM which is to be convened to approve the Disposal. As one or more of the applicable percentage ratios (as

defined under Rule 14.04(9), Rule 14.07 and Rule 14A.10(10) of the Listing Rules) of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, (a) further information in relation to the Disposal as is necessary to enable the Independent Shareholders to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM relating to the Disposal; (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the Disposal; (c) the letter of recommendation from the Independent Board Committee relating to the Disposal; and (d) the notice of EGM relating to the Disposal, will be dispatched to the Shareholders on or before 11 April 2011.

THE EQUITY TRANSFER AGREEMENT

On 18 March 2011, Grand Champion and Prime Rich entered into an Equity Transfer Agreement, pursuant to which Grand Champion has agreed to sell, and Prime Rich has agreed to purchase, the entire equity interest of Foxconn Precision at a cash consideration of RMB463,274,241 (the “Consideration”) which is determined by reference to the net asset value of Foxconn Precision as at 31 December 2010 of RMB409,352,368 and adjusted for the revaluation surplus of RMB53,921,873 (the “Adjustments of Revaluation Surplus”). The final consideration is subject to the net asset value of Foxconn Precision as at Completion Date and further adjustments as described below pursuant to the terms of the Equity Transfer Agreement.

- (a) If the net asset value as at Completion Date and the Adjustments of Revaluation Surplus is less than the Consideration, Grand Champion shall pay the shortfall in cash to Prime Rich but in any event such amount shall not exceed 10% of the Consideration; and
- (b) If the net asset value as at Completion Date and the Adjustments of Revaluation Surplus is more than the Consideration, Prime Rich shall pay the excess in cash to Grand Champion but in any event such amount shall not exceed 10% of the Consideration.

The Disposal shall be completed, and the Consideration of RMB463,274,241 shall be payable by Prime Rich to Grand Champion within 20 working days after

obtaining the following government approvals to the Equity Transfer Agreement:-

- (a) the approval from the Investment Commission of the Ministry of Economic Affairs of Taiwan; and
- (b) the approval from the Department of Commerce, Shanxi Province, PRC.

On Completion Date, Foxconn Precision shall have fully repaid the following inter-company loans by using funds provided by the subsidiaries of Hon Hai:-

- (a) a foreign debt of US\$200 million plus accrued interest to be repaid to the Company provided that Foxconn Precision must have obtained prior approval from the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) before repaying such loan to the Company; and
- (b) an entrusted loan of RMB1,150 million plus accrued interest to be repaid to 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.

Upon completion of the Disposal, Foxconn Precision will no longer be a subsidiary of the Company and shall become an indirect wholly-owned subsidiary of Hon Hai through Prime Rich.

INFORMATION ON THE GROUP, HON HAI, GRAND CHAMPION, PRIME RICH AND FOXCONN PRECISION

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 based in Taiwan. Hon Hai is the ultimate controlling Shareholder interested in approximately 70.58% of the entire issued share capital of the Company.

Grand Champion is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

Prime Rich is an indirect wholly-owned subsidiary of Hon Hai and is an investment

holding company.

Foxconn Precision is a wholly foreign owned enterprise established by Grand Champion in the PRC in August 2006. The registered capital and paid-up capital of Foxconn Precision as at the date of the Equity Transfer Agreement are both US\$130.5 million. Foxconn Precision is principally engaged in the business of handset manufacturing in the PRC. For the two financial years ended 31 December 2009, the audited net loss both before and after taxation and extraordinary items of Foxconn Precision were approximately RMB130,250,419 and RMB242,511,087 respectively.

The assets of Foxconn Precision comprise lands and buildings as stated in the Independent Valuation Report issued by the Independent Valuer.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The principal reason for the Disposal is that the Company wishes to continue to consolidate its operation and production plants in the PRC and will therefore concentrate on the development and running of the production plants in Langfang, Beijing and Tianjin, PRC. As a result, the Company, in the intermediate term, has no need of the land and production plant at Taiyuan, PRC, whilst Hon Hai at this material time has an immediate need for factory space to expand its production capacity in Taiyuan, PRC.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) consider that the terms of the Equity Transfer Agreement are fair and reasonable and are normal commercial terms and that the Disposal is in the interest of the Company and the Shareholders as a whole. In view of their relationships with Hon Hai, Mr. Chang Ban Ja, Jimmy, Mr. Lee Jin Ming and Ms. Gou Hsiao Ling (all being Directors) had abstained from voting on the Board's resolution in relation to the Disposal.

The Group expects to make a gain from the Disposal at Completion. The net proceeds from the Disposal of approximately RMB463,274,241 will be used as general working capital of the Group.

LISTING RULES IMPLICATIONS

Hon Hai is the ultimate controlling Shareholder interested in approximately 70.58% of the entire issued share capital of the Company. Accordingly, Prime Rich, as an indirect wholly-owned subsidiary of Hon Hai, is a connected person of the Company. Therefore, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hon Hai and its associates will abstain from voting in the EGM which is to be convened to approve the Disposal. As one or more of the applicable percentage ratios (as defined under Rule 14.04(9), Rule 14.07 and 14A.10(10) of the Listing Rules) of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, (a) further information in relation to the Disposal as is necessary to enable the Independent Shareholders to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM relating to the Disposal; (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the Disposal; (c) the letter of recommendation from the Independent Board Committee relating to the Disposal; and (d) the notice of EGM relating to the Disposal, will be dispatched to the Shareholders on or before 11 April 2011.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors 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
“Completion Date”	the date on which the Disposal is completed
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed transfer of the entire equity interest in Foxconn Precision by Grand Champion to Prime Rich at a cash consideration of RMB463,274,241 pursuant to the Equity Transfer Agreement
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve by poll, among other things, the Disposal
“Equity Transfer Agreement”	the equity transfer agreement dated 18 March 2011 entered into between Grand Champion and Prime Rich
“Foxconn Precision”	富士康精密電子(太原)有限公司 (Foxconn Precision Electronics (Taiyuan) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“Grand Champion”	Grand Champion Trading Limited (富華有限公司*), an indirect wholly-owned subsidiary of the Company
“Group”	the Company and/or its subsidiaries (as the case may be)

“Hon Hai”	鴻海精密工業股份有限公司 (Hon Hai Precision Industry Co. Ltd.*), the ultimate controlling Shareholder interested in approximately 70.58% of the entire issued share capital of the Company, the shares of which are listed on the Taiwan Stock Exchange
“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
“Independent Board Committee”	a committee of the Board comprising Mr. Lau Siu Ki, Mr. Chen Fung Ming and Dr. Daniel Joseph Mehan, being the independent non-executive Directors, which is formed to advise the Independent Shareholders in relation to the Disposal
“Independent Financial Adviser”	CIMB Securities (HK) Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Independent Shareholder(s)”	Shareholder(s) other than Hon Hai and any of its associates
“Independent Valuation Report”	the independent valuation report on Foxconn Precision issued by the Independent Valuer
“Independent Valuer”	Shenzhen Guozi Land & Real Estate Valuation Co., Ltd., a professional valuer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratios set out in Rule 14.07 of the

Listing Rules

“PRC”	the People’s Republic of China
“Prime Rich”	Prime Rich Holdings Limited, an indirect wholly-owned subsidiary of Hon Hai
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	the ordinary shares of US\$0.04 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“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, 18 March, 2011

As at the date of this announcement, the executive Directors are Messrs. Chin Wai Leung, Samuel and Chih Yu Yang and Dr. Lee Jer Sheng, the non-executive Directors are Messrs. Chang Ban Ja, Jimmy and Lee Jin Ming and Ms. Gou Hsiao Ling and the independent non-executive Directors are Messrs. Lau Siu Ki and Chen Fung Ming and Dr. Daniel Joseph Mehan.

** for identification purposes only*