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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)

CONTINUING CONNECTED TRANSACTION

Financial adviser

OSK Capital Hong Kong Limited

The Group has purchased equipment from the Hon Hai Group from time to time under the Framework Equipment Purchase Agreement. The Equipment Purchase Transaction constitutes a continuing connected transaction for the Company and the Company had set annual caps for the Equipment Purchase Transaction for each of the three years ending 31 December 2013. As the Company expects to purchase additional equipment from the Hon Hai Group for the Group's upgrade of its engineering capabilities, the Company has set the New Annual Caps for the Equipment Purchase Transaction for each of the three years ending 31 December 2013.

Based on the maximum of the New Annual Caps, all relevant percentage ratios are less than 5%. In accordance with Rule 14A.34 of the Listing Rules, the Equipment Purchase Transaction and the New Annual Caps are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

The Equipment Purchase Transaction is subject to the annual review requirements under Rules 14A.37 to 14A.38 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 the leading global manufacturing service provider in the 3C industries. Hon Hai is the ultimate controlling shareholder of the Company holding approximately 70.58% of the issued share capital of the Company.

With reference to the Company's announcement dated 19 November 2010, the Group has purchased equipment from the Hon Hai Group from time to time under the Framework Equipment Purchase Agreement. The Equipment Purchase Transaction constitutes a continuing connected transaction for the Company and the Company has set annual caps for the transaction for each of the three years ending 31 December 2013.

EQUIPMENT PURCHASE TRANSACTION

Pursuant to the Framework Equipment Purchase Agreement, the Group has agreed to purchase equipment from the Hon Hai Group from time to time for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) at the book value of the relevant equipment as recorded in the accounts of the relevant member of the Hon Hai Group; or
- (2) if (1) above is not appropriate or applicable, at a price to be determined by reference to the average market price; or
- (3) where (1) and (2) above are not appropriate or applicable, at a price to be agreed between the relevant parties on the basis of the principle of "cost plus"; or
- (4) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the parties based upon reasonable commercial principles.

Under the Framework Equipment Purchase Agreement, payment for the Equipment Purchase Transaction shall be made in accordance with the terms of the relevant purchase order. Payment for the Equipment Purchase Transaction is usually made by the Group within 30 days after receipt of the equipment.

REASONS FOR THE TRANSACTION

The Hon Hai Group is able to customise standard industry equipment to varying degrees to better suit the production processes of the Company. Purchasing equipment from the Hon Hai Group helps accelerate delivery time of the equipment to the Group. The Group in the past also purchased used equipment that was in good condition from the Hon Hai Group at the book value of the equipment in Hon Hai's accounts. It is usually more convenient for the Group to obtain the required maintenance services for the customised equipment from the Hon Hai Group. The Company believes that it is in its best interests to carry out the Equipment Purchase Transaction.

HISTORICAL VALUE AND ANNUAL CAPS

The Company had set annual caps for the Equipment Purchase Transaction for each of the three years ending 31 December 2013. The Group has been upgrading its engineering capabilities. In view of the Hon Hai Group's ability to supply the equipment for the Group's engineering upgrade at prices acceptable to the Company, the Group has been acquiring such equipment from the Hon Hai Group under the Equipment Purchase Transaction. The Company anticipates that further engineering

upgrade will be implemented and therefore has set the New Annual Caps for the Equipment Purchase Transaction for each of the three years ending 31 December 2013.

The table below sets out the actual amount of the Equipment Purchase Transaction for the year ended 31 December 2010 and the New Annual Caps.

(in US\$'000)	Audited amount for the year ended 31 December 2010	New Annual Caps for the year ending 31 December		
		2011	2012	2013
Equipment Purchase Transaction	25,635	46,000	51,000	57,000

The New Annual Caps are determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the estimated value of the equipment for upgrading the Group's engineering capabilities to be purchased from the Hon Hai Group in 2011;
- percentage of the value of the Equipment Purchase Transaction to the turnover of the Group in the past and in 2011;
- internal target turnover of the Group for the purposes of estimating the New Annual Caps with reference to the anticipated growth of the mobile handset market; and
- a buffer of 5%.

The Directors consider that the New Annual Caps are fair and reasonable, and the terms of the Equipment Purchase Transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and its 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) have abstained from voting on the Board's resolution in relation to the Equipment Purchase Transaction and the New Annual Caps.

LISTING RULES REQUIREMENTS

The Equipment Purchase Transaction constitutes a continuing connected transaction for the Company. Based on the maximum of the New Annual Caps, all relevant percentage ratios are less than 5%. In accordance with Rule 14A.34 of the Listing Rules, the Equipment Purchase Transaction and the New Annual Caps are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

The Equipment Purchase Transaction is subject to the annual review requirements under Rules 14A.37 to 14A.38 of the Listing Rules.

DEFINITIONS

“associate(s)”	having the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Company”	Foxconn International Holdings Limited, 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
“Equipment Purchase Transaction”	purchase of equipment by the Group from the Hon Hai Group contemplated under the Framework Equipment Purchase Agreement
“Framework Equipment Purchase Agreement”	the framework equipment purchase agreement entered into between the Company and Hon Hai on 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 24 October 2007 and 19 November 2010)
“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 of the Company
“Hon Hai Group”	Hon Hai, its subsidiaries and/or associates (as the case may be)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Annual Caps”	the new annual caps for the Equipment Purchase Transaction for each of the three years ending 31 December 2013
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“Shares”	the ordinary shares of US\$0.04 each of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

“3C”

computer, communication and consumer electronics

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

Hong Kong, 29 April 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*