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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)

CONNECTED TRANSACTION

Financial adviser

OSK Capital Hong Kong Limited

As at the date of this announcement, FTH Precision (a wholly-owned subsidiary of the Company) and HFJ Precision (a wholly-owned subsidiary of Hon Hai) respectively hold approximately 70.12% and 29.88% in the equity capital of FTH Property.

On 8 July 2011, FTH Precision and HFJ Precision, as Vendors, and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Vendors shall sell their respective equity interests in FTH Property to the Purchaser for a total consideration of RMB878.75 million payable to FTH Precision and HFJ Precision according to their respective equity interests in FTH Property.

Hon Hai is the controlling shareholder of the Company and (through HFJ Precision) holds approximately 29.88% of the equity capital of FTH Property. Pursuant to Rule 14A.13(1)(b)(i) of the Listing Rules, the Disposal constitutes a connected transaction for the Company subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 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.

EQUITY TRANSFER AGREEMENT

Date

8 July 2011

Parties

Vendors: (i) FTH Precision (a wholly-owned subsidiary of the Company)
(ii) HFJ Precision (a wholly-owned subsidiary of Hon Hai)

Purchaser: To the best of Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons. As far as the Company is aware, the Purchaser is principally engaged in inter alia property development and management.

Consideration and completion

Pursuant to the Equity Transfer Agreement, FTH Precision and HFJ Precision shall dispose of their respective holdings of approximately 70.12% and 29.88% of the equity capital of FTH Property to the Purchaser for a total cash consideration of RMB878.75 million. In respect of the total consideration, RMB616.18 million (being 70.12% of the total consideration) is payable to FTH Precision while RMB262.57 million (being 29.88% of the total consideration) is payable to HFJ Precision.

The Vendors shall transfer their equity interests in FTH Property to the Purchaser and the Purchaser shall pay the Vendors in the following manners:

- (i) the Purchaser shall pay a deposit of RMB100 million to FTH Precision within two business days after the date of the Equity Transfer Agreement (which will be applied to pay the consideration);
- (ii) the Purchaser subject to the results of its due diligence on FTH Property shall pay RMB250 million to FTH Precision within 7 business days after the date of making the payment in item (i) above; within 10 business days after the date of the Purchaser paying RMB250 million hereunder, FTH Precision shall transfer its 25% equity interest to the Purchaser;
- (iii) the Purchaser shall pay a total of RMB350 million, of which RMB87.43 million is paid to FTH Precision and RMB262.57 million is paid to HFJ Precision, by 14 March 2012 and the Purchaser shall on the date of payment procure the issue of an irrevocable bank guarantee for the Purchaser's payment of the remaining RMB178.75 million; within 10 business days after the date of the Purchaser providing the irrevocable bank guarantee, FTH Precision shall transfer a 15.12% equity interest in FTH Property and HFJ Precision shall transfer its entire 29.88% equity interest in FTH Property to the Purchaser; and

- (iv) the Purchaser shall pay the remaining RMB178.75 million to FTH Precision by 31 December 2012; within 10 business days after the date of paying such payment, FTH Precision shall transfer its remaining 30% equity interest in FTH Property to the Purchaser.

The consideration was arrived at after arm's-length negotiation between the parties, having regard to the value of the assets and liabilities of FTH Property as at 30 June 2011.

Other terms of the Equity Transfer Agreement

The Disposal is unconditional.

Following the Purchaser paying RMB250 million to FTH Precision as set out in item (ii) under the paragraph headed "Consideration and completion" above, the Purchaser shall be responsible for the management of FTH Property and solely entitled to/responsible for the profit or loss, liabilities and legal obligations generated/incurred by FTH Property and the board of FTH Property will be enlarged to have five members, in which the Purchaser, FTH Precision and HFJ Precision will designate two, two and one member of the board of FTH Property respectively. After the Purchaser has paid RMB350 million and provided the irrevocable bank guarantee as set out in item (iii) under the paragraph headed "Consideration and completion" above, all members of the board of FTH Property will be designated by the Purchaser.

Following completion of FTH Precision's initial transfer of its 25% equity interest in FTH Property to the Purchaser, FTH Property will be owned as to 45.12% by FTH Precision and two members of its five-member board will be designated by FTH Precision and FTH Property will cease to be a subsidiary of the Company.

INFORMATION REGARDING FTH PROPERTY

FTH Property's principal assets are bank deposits and the Land Use Right. The Land is located at 中國深圳市寶安區宗地編號 A511-0023 地塊 (Lot No. A511-0023, Baoan, Shenzhen, the PRC) with a land area of 67,079.85 square meters. It was originally intended that FTH Property would develop the Land into staff quarters of the Group and the Hon Hai Group. The development of the Land has not yet commenced.

For the past two financial years, FTH Property did not generate any revenue and its source of income was derived from interests arising from its bank deposits. Set out below are the the profits before and after tax of FTH Property for the two years ended 31 December 2010:

	For the year ended 31 December	
	2009	2010
	RMB'000	RMB'000
Profits before tax	2,597.0	1,644.1
Profits after tax	1,947.7	1,227.3

As at 30 June 2011, FTH Property had an unaudited net assets of approximately RMB640.16 million comprising total assets of approximately RMB640.75 million and total liabilities of approximately

RMB0.59 million. The total assets primarily comprised the Land Use Right at book value of approximately RMB459.08 million and bank deposits of approximately RMB180.63 million.

REASONS FOR THE DISPOSAL

The Land was originally intended to be developed into staff quarters for the Group and the Hon Hai Group. As the Group is consolidating its operation in northern China, it no longer plans to develop staff quarters at the Land and considers it in its best interests to dispose of FTH Property at price agreeable to the Company. The Company intends to apply the net proceeds from the Disposal as general working capital of the Group.

On the basis of the consideration of the Disposal payable to the Group, the transaction cost in relation to the Disposal and the net asset value of FTH Property as at 30 June 2011, the Company anticipates that it would record a total net capital gain around RMB150 million from the Disposal in the financial year ending 31 December 2011. The actual net capital gain from the Disposal is subject to audit by the Company's auditors.

The Directors (including independent non-executive Directors) considers the terms of the Disposal 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 Disposal.

LISTING RULES REQUIREMENTS

Hon Hai is the controlling shareholder of the Company and (through HFJ Precision) holds approximately 29.88% of the equity capital of FTH Property. Pursuant to Rule 14A.13(1)(b)(i) of the Listing Rules, the Disposal constitutes a connected transaction for the Company subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 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
"Disposal"	the disposal of FTH Property by the Vendors to the Purchaser under the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement dated 8 July 2011 entered into between the Vendors and the Purchaser in respect of the Disposal
“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.*)
“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 Co. Ltd.*), the ultimate controlling shareholder of the Company
“Hon Hai Group”	Hon Hai, its subsidiaries and/or associates (as the case may be)
“Land”	a piece of land located at 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
“PRC”	the People’s Republic of China
“Purchaser”	深圳市城市建設投資發展有限公司 (Shenzhen Chengshi Jianshe Investment Development Limited Company*), the purchaser under the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Vendors”	FTH Precision and HFJ Precision, the vendors under the Disposal
“3C”	computer, communication and consumer electronics

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

Hong Kong, 8 July 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*