
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Foxconn International Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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FIH[®]

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

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**

 **CIMB**

CIMB Securities (HK) Limited

A letter from the board of directors of Foxconn International Holdings Limited is set out on pages 4 to 8 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on page 9 of this circular. A letter from CIMB Securities (HK) Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 15 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Pacific Room I, 9/F., Towers Wing, The Royal Pacific Hotel and Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 22 December 2010 at 10:00 a.m. is set out on pages 20 to 21 of this circular. Whether or not you are able to attend the extraordinary general meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the extraordinary general meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting in person should you so wish.

2 December 2010

* *for identification purposes only*

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DEFINITIONS

In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 19 November 2010
“Approved Vendor(s)”	supplier(s) of materials and components for the manufacture of handsets as approved by the customer(s) of the Group
“associate(s)”	having the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Chimei Innolux”	奇美電子股份有限公司 (Chimei Innolux Corporation) (formerly known as 群創光電股份有限公司 (Innolux Display Corporation)), an associate of Hon Hai, which is principally engaged in the manufacture and sale of liquid crystal displays and related products
“CIMB”	CIMB Securities (HK) Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, which has been engaged by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Purchase Transaction and the Proposed Annual Caps
“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
“EGM”	the extraordinary general meeting of the Company to be held on Wednesday, 22 December 2010 to approve the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps
“Foxconn Technology”	鴻準精密工業股份有限公司 (Foxconn Technology Co., Ltd.), an associate of Hon Hai, which is principally engaged in the manufacture and sale of various thermal and light products
“Group”	the Company and/or its subsidiaries (as the case may be)

DEFINITIONS

“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)
“Independent Board Committee”	the independent board committee established to consider the Purchase Transaction, the terms of the Supplemental Purchase Agreement and the Proposed Annual Caps
“Independent Shareholders”	Shareholders, excluding Hon Hai and its associates, who are considered independent in respect of the Purchase Transaction for the purposes of the Listing Rules
“Latest Practicable Date”	29 November 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Annual Caps”	the proposed annual caps for the Purchase Transaction for each of the three years ending 31 December 2013
“Purchase Agreement”	the framework materials and components supply agreement entered into among the Company, Hon Hai, Chimei Innolux and Foxconn Technology on 19 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006 and 24 October 2007)
“Purchase Transaction”	purchase of materials and components by the Group from the Hon Hai Group contemplated under the Purchase Agreement and the Supplemental Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“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

DEFINITIONS

“subsidiary”	having the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the laws of Hong Kong)
“Supplemental Purchase Agreement”	the supplemental agreement dated 19 November 2010 entered into among the Company, Hon Hai, Chimei Innolux and Foxconn Technology, conditional upon obtaining the Independent Shareholders’ approval, to (among other things) extend the term of the Purchase Agreement to 31 December 2013
“US\$”	United States dollars, the lawful currency of the United States of America
“3C”	computer, communication and consumer electronics

LETTER FROM THE BOARD

FIH[®]

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)

Executive Directors:

CHIN Wai Leung, Samuel
(Chairman and Chief Executive Officer)
CHIH Yu Yang
LEE Jer Sheng

Registered Office:

Scotia Centre, 4th Floor
P.O. Box 2804, George Town
Grand Cayman
Cayman Islands

Non-executive Directors:

CHANG Ban Ja, Jimmy
GOU Hsiao Ling
LEE Jin Ming

Principal Place of Business

in Hong Kong:
8/F., Peninsula Tower
538 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Independent Non-executive Directors:

LAU Siu Ki
Daniel Joseph MEHAN
CHEN Fung Ming

2 December 2010

Dear Shareholders,

CONTINUING CONNECTED TRANSACTION

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 70.92% of the issued share capital of the Company as at the Latest Practicable Date.

As stated in the Announcement, the Company, Hon Hai, Chimei Innolux and Foxconn Technology entered into the Supplemental Purchase Agreement to (among other things) extend the term of the Purchase Transaction to 31 December 2013. The Purchase Transaction constitutes a continuing connected transaction for the Company and the Company has proposed new annual caps for the three years ending 31 December 2013.

* *for identification purposes only*

LETTER FROM THE BOARD

Based on the maximum amount of the Proposed Annual Caps, the Purchase Transaction is a non-exempt continuing connected transaction of the Company under the Listing Rules. Accordingly, the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps are subject to approval by the Independent Shareholders. Hon Hai, its subsidiaries and associates are required to and will abstain from voting at the EGM regarding the ordinary resolution proposed for approving the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps. The Independent Board Committee has been established to advise the Independent Shareholders, and CIMB has been appointed by the Company as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with details of the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps and to seek approval of the Independent Shareholders in respect of the ordinary resolution set out in the notice of the EGM on pages 20 to 21 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the aforesaid is set out on page 9 of this circular. The letter from CIMB to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the aforesaid is set out on pages 10 to 15 of this circular.

PRINCIPAL TERMS OF THE PURCHASE TRANSACTION

The Company, Hon Hai, Chimei Innolux and Foxconn Technology entered into the Purchase Agreement pursuant to which the Group has agreed to purchase materials and components from the Hon Hai Group for a term up to 31 December 2010 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) in respect of purchases from an Approved Vendor, at the price agreed between the supplier and the Group's customer; if not, at a price to be determined by reference to the average market price; or
- (2) where (1) above is not appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group upon the basis of the principle of "cost plus"; or
- (3) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group based upon reasonable commercial principles.

Payment for the Purchase Transaction is usually made by the Group within 90 days after the date of the relevant invoice or the Group's accounting record posting date for the transaction.

On 19 November 2010, the Company, Hon Hai, Chimei Innolux and Foxconn Technology entered into the Supplemental Purchase Agreement under which subject to obtaining the Independent Shareholders' approval (i) the term of the Purchase Agreement shall be extended to 31 December 2013 and (ii) the rights, obligations and liabilities of Chimei Innolux and Foxconn Technology (both associates of Hon Hai) under the Purchase Agreement shall be assumed by Hon Hai where Chimei Innolux and Foxconn Technology shall cease to be parties to the Purchase Agreement from the later of 1 January 2011 or the date of obtaining Independent Shareholders' approval.

LETTER FROM THE BOARD

REASONS FOR THE PURCHASE TRANSACTION

As explained above, Hon Hai is the leading player in the 3C manufacturing service industry. Under the convergence trend of the 3C industries, an increasing number of types of materials and components manufactured by the Hon Hai Group are used for the manufacture of handsets. The Company believes that it is an important competitive advantage of the Group in the handset manufacturing service industry that the Group together with the members of the Hon Hai Group can provide a range of vertically integrated manufacturing services to the customers. Furthermore, a number of the members of the Hon Hai Group are Approved Vendors. The Group is required by its customers to purchase many of the key materials and components from the Approved Vendors. The Company believes that it is in its best interests to carry out the Purchase Transaction.

HISTORICAL VALUES AND ANNUAL CAPS

The table below sets out (1) the actual amount of the Purchase Transaction for the year ended 31 December 2009 and for the six months ended 30 June 2010; (2) the existing annual cap for the Purchase Transaction for the year ending 31 December 2010; and (3) the Proposed Annual Caps.

	Amount for the year ended 31 December 2009 (audited)	Amount for the six months ended 30 June 2010 (unaudited)	Annual cap for the year ending 31 December 2010	Proposed Annual Caps for the year ending 31 December		
				2011	2012	2013
<i>(in US\$'000)</i>						
Purchase Transaction	306,273	197,600	3,335,000	687,000	763,000	847,000

The Proposed Annual Caps were 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 recent level of the Purchase Transaction in 2010;
- historical growth rates of the turnover of the Group and the values of the Purchase Transaction taking into account the increase in the Group's purchases of certain handset components from the Hon Hai Group in 2009 (being part of the Purchase Transaction);
- percentages of the values of the Purchase Transaction to the turnover of the Group in the past and in 2010;
- internal target turnover of the Group with reference to anticipated growth of the mobile phone market; and
- a buffer of 5%.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors whose view is stated under the paragraph headed "Recommendation" below) consider that the Proposed Annual Caps are fair and reasonable and the terms of the Purchase Transaction are in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company. In view of their relationships with Hon Hai, Mr. Chang Ban Ja, Jimmy, Mr. Lee Jin Ming and Miss Gou Hsiao Ling (all being Directors) abstained from voting on the Board's resolution in relation to the Purchase Transaction.

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

EGM

A notice convening the EGM to be held at Pacific Room I, 9/F., Towers Wing, The Royal Pacific Hotel and Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 22 December 2010 at 10:00 a.m. is set out on pages 20 to 21 of this circular. At the EGM, an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps.

The ordinary resolution proposed at the EGM will be determined by way of poll by the Independent Shareholders. Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any Shareholder and its associates with a material interest (other than by virtue of being a Shareholder) in the Purchase Transaction are required to abstain from voting at the EGM. Hon Hai, its subsidiaries and associates (who in aggregate were interested in 5,081,034,525 Shares (representing approximately 70.92% of the total Shares in issue) as at the Latest Practicable Date) are required to and will abstain from voting at the EGM in respect of such ordinary resolution.

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of CIMB, is of the view that (i) the Purchase Transaction is in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the terms of the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) the Purchase Transaction and the Proposed Annual Caps are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps at the EGM.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from CIMB, the additional information set out in the appendix to this circular and the notice of the EGM.

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



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)

2 December 2010

Dear Independent Shareholders,

CONTINUING CONNECTED TRANSACTION

We refer to the circular dated 2 December 2010 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you regarding the fairness and reasonableness of the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps. CIMB has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

Having taken into account of the principal factors and reasons considered by, and the opinion of, CIMB as stated in its letter dated 2 December 2010, we consider that (i) the Purchase Transaction is in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the terms of the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) the Purchase Transaction and the Proposed Annual Caps are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution proposed at the EGM approving the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps.

We also draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from CIMB; and (iii) the appendix to the Circular.

Yours faithfully,

Independent Board Committee

LAU Siu Ki

Daniel Joseph MEHAN

CHEN Fung Ming

Independent Non-executive Directors

* *for identification purposes only*

LETTER FROM CIMB

The following is the text of a letter received from CIMB setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Purchase Transaction for inclusion in this circular.



CIMB Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

2 December 2010

*To the Independent Board Committee and the Independent Shareholders of
Foxconn International Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to Purchase Transaction, the Supplemental Purchase Agreement and the proposed annual caps in respect of the Purchase Transaction (the "Proposed Annual Caps"), details of which are set out in the letter from the Board (the "Letter from the Board") as contained in the circular of the Company to the Shareholders dated 2 December 2010 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 19 November 2010, the Company entered into the Supplemental Purchase Agreement with Hon Hai, Chimei Innolux and Foxconn Technology. Hon Hai is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that it is the ultimate controlling shareholder of the Company holding approximately 70.92% of the issued share capital of the Company as at the Latest Practicable Date. Chimei Innolux and Foxconn Technology are associates of Hon Hai and are deemed connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated thereunder will constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the approval of the Independent Shareholders at the extraordinary general meeting by way of poll.

An independent board committee comprising Mr. Lau Siu Ki, Mr. Chen Fung Ming and Dr. Daniel Joseph Mehan, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps. Hon Hai and its respective associates will abstain from voting on the resolution to approve the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps.

LETTER FROM CIMB

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the extraordinary general meeting of the Company. We consider that we have reviewed sufficient information and documents to satisfy ourselves that we have a reasonable basis to assess the transactions contemplated under the Supplemental Purchase Agreement and the Proposed Annual Caps in order to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Hon Hai or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion on the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps, we have considered the following principal factors and reasons:

Background and reasons

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. As set out in the Letter from the Board, the Hon Hai Group is the leading global manufacturing service provider in the 3C industries.

On 19 January 2005, the Company entered into the Purchase Agreement with Hon Hai, Chimei Innolux and Foxconn Technology. Pursuant to the Purchase Agreement, and as amended by the respective supplemental agreements dated 28 February 2006 and 24 October 2007, the Group has agreed to purchase materials and components from the Hon Hai Group for a term up to 31 December 2010. On 19 November 2010, the Company entered into the Supplemental Purchase Agreement pursuant to which (i) the term of the Purchase Agreement is extended to 31 December 2013; and (ii) the rights, obligations and liabilities of Chimei Innolux and Foxconn Technology (both associates of Hon Hai) under the Purchase Agreement are assumed by Hon Hai where Chimei Innolux and Foxconn Technology shall cease to be parties to the Purchase Agreement.

As noted from the Letter from the Board, Hon Hai is the leading player in the 3C manufacturing service industry. Under the convergence trend of the 3C industries, an increasing number of types of materials and components manufactured by the Hon Hai Group are used for the manufacture of handsets. The Company believes that it is an important competitive advantage of the Group in the handset manufacturing service industry that the Group together with the members of the Hon Hai Group can provide a range of vertically integrated manufacturing services to the customers. Furthermore, a number of the members of the Hon Hai Group are Approved Vendors. The Group is required by its customers to purchase many of the key materials and components from Approved Vendors.

LETTER FROM CIMB

Having considered the principal businesses of each of the Group and the Hon Hai Group and the nature of the transactions contemplated under the Purchase Agreement, we concur with the view of the Directors that the entering into of the Supplemental Purchase Agreement falls within the ordinary and usual course of business of the Group, together with the fact that transactions contemplated under the Purchase Agreement and the Supplemental Purchase Agreement will be conducted on normal commercial terms and on terms no less favourable to the Group than terms available from other independent third parties (as discussed below), we concur with the Directors' view that it is in the interest of the Company and the Shareholders as a whole to enter into the Supplemental Purchase Agreement.

Basis of determination

We noted that the terms of the Supplemental Purchase Agreement are substantially the same as those of the Purchase Agreement.

Pursuant to the Purchase Agreement, the Group has agreed to purchase materials and components from the Hon Hai Group at a price determined as follows:

- (i) in respect of purchases from an Approved Vendor, at the price agreed between the supplier and the Group's customer; if not, at a price to be determined by reference to the average market price; or
- (ii) where (i) above is not appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group upon the basis of the principle of "cost plus"; or
- (iii) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group based upon reasonable commercial principles.

To assess the reasonableness of the prices of the materials and components payable by the Group to the Hon Hai Group and the other terms under the Purchase Agreement, we have obtained and reviewed sample historical invoices in respect of the Purchase Transaction and compared the relevant prices and terms for similar materials and components with quotations from independent suppliers. Based on our review of the sample invoices obtained, we noted that (i) in respect of purchases of materials and components from an Approved Vendor, the prices paid by the Group to the Hon Hai Group were agreed between Hon Hai Group and the Group's customer; (ii) in respect of purchases of materials and components commonly available in the market, the prices paid by the Group to the Hon Hai Group were no less favourable than those offered by independent suppliers; and (iii) in respect of purchases of materials and components not commonly available from other independent suppliers, the prices paid by the Group to the Hon Hai Group were on a "cost plus" basis, which we consider to be a reasonable pricing basis given that such components are not commonly available in the market and are tailor-made according to the Group's specifications. We further noted that the payment terms of the Purchase Transaction pursuant to the Purchase Agreement were no less favourable compared to those offered by other independent suppliers.

LETTER FROM CIMB

Based on our review, we concur with the view of the Directors that the terms of the Purchase Agreement and the Supplemental Purchase Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

The Proposed Annual Caps

Set out below are the details of (i) historical transaction amounts of the Purchase Transaction for the year ended 31 December 2009 and the six months ended 30 June 2010; (ii) the existing annual cap for the Purchase Transaction for the year ending 31 December 2010; and (iii) the Proposed Annual Caps for the three years ending 31 December 2013:

	Audited amount for the year ended 31 December 2009 <i>(US\$ '000)</i>	Unaudited amount for the six months ended 30 June 2010 <i>(US\$ '000)</i>	Existing annual cap for the year ending 31 December 2010 <i>(US\$ '000)</i>	Proposed Annual Caps		
				for the year ending 31 December 2011 <i>(US\$ '000)</i>	for the year ending 31 December 2012 <i>(US\$ '000)</i>	for the year ending 31 December 2013 <i>(US\$ '000)</i>
Purchase Transaction	306,273	197,600	3,335,000	687,000	763,000	847,000

We noted that in determining the Proposed Annual Caps for each of the three years ending 31 December 2013, the Board has considered the following factors: (i) the recent level of the Purchase Transaction in 2010; (ii) historical growth rates of the turnover of the Group; (iii) historical growth rates of the values of the Purchase Transaction taking into account the increase in the Group's purchases of certain handset components from the Hon Hai Group in 2009; (iv) percentages of the values of the Purchase Transaction to the turnover of the Group in the past and in 2010; (v) internal target turnover of the Group with reference to anticipated growth of the mobile phone market; and (vi) a buffer of 5%.

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have reviewed and discussed with the management of the Company on the bases considered in the determination of the Proposed Annual Caps, and have taken into account of the following:

- the anticipated value of Purchase Transaction for the year ending 31 December 2010, which has been estimated based on (i) the historical value of the Purchase Transaction for the six months ended 30 June 2010; and (ii) the expected growth of approximately 418% in the value of LCD products purchased and 16% in the value of other handset components purchased for the six months ending 31 December 2010 over the respective values for both for the six months ended 30 June 2010, given the respective historical growth rates for both for the corresponding period in the preceding year;

LETTER FROM CIMB

- for the purposes of estimating the Proposed Annual Caps, the anticipated turnover of the Group for the year ending 31 December 2010 estimated based on (i) the turnover of the Group for the six months ended 30 June 2010; and (ii) the estimated turnover growth of the Group for the six months ending 31 December 2010 over the turnover for the six months ended 30 June 2010 based on the growth rate for the corresponding period in the preceding year;
- the targeted turnover of the Group for the three years ending 31 December 2013 based on internal projections of the Company with reference to the anticipated growth of the mobile phone market, which we consider to be reasonable having reviewed the targeted turnover of the Group against the estimated growth rates of the worldwide mobile phone market found in independent research reports, market data and other publicly available sources of information;
- the value of the Purchase Transaction relative to the Group's turnover for the three years ending 31 December 2013 of approximately 8%, a percentage which we consider to be reasonable given the percentage figures in the past, and that for the year ending 31 December 2010 based on the estimated value of the Purchase Transaction and targeted turnover as above; and
- the 5% buffer which we consider to be a reasonable buffer in determining the Proposed Annual Caps.

Based on the various factors described above, we regard the Proposed Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the Proposed Annual Caps relate to future events and are based on assumptions which may or may not remain valid for the entire period up to 31 December 2013, consequently, we express no opinion as to how closely the actual amount paid by the Group to the Hon Hai Group under the Purchase Agreement and the Supplemental Purchase Agreement corresponds with the Proposed Annual Caps.

Requirements by the Listing Rules regarding the Purchase Transaction

As required by the Listing Rules, for each financial year of the Company over the term of the Supplemental Purchase Agreement, the Purchase Transaction shall be subject to the annual review by the independent non-executive Directors and the Company's auditors as required by Rules 14A.37 and 14A.38 of the Listing Rules, respectively. In particular, each year, the independent non-executive Directors must confirm that the Purchase Transaction have been entered into:

- in the ordinary and usual course of business of the Group;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

LETTER FROM CIMB

- in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, each year, the Company's auditors must provide a letter to the Board confirming that the Purchase Transaction:

- have received the approval of the Board;
- are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
- have been entered into in accordance with the relevant agreements governing the transactions; and
- have not exceeded the caps disclosed in the previous announcement(s).

Given the above, we consider that there exist appropriate procedures and arrangements to ensure that the Purchase Transaction will be conducted on terms pursuant to the Purchase Agreement and the Supplemental Purchase Agreement.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the entering into of the Supplemental Purchase Agreement is in the ordinary and usual course of business of the Group and in the interest of the Group and the Shareholders as a whole, the terms of the Purchase Agreement and the Supplemental Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the basis for determining the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution proposed at the extraordinary general meeting of the Company to approve the Purchase Transaction, the Supplemental Purchase Agreement and the Proposed Annual Caps.

Yours faithfully,

For and on behalf of

CIMB Securities (HK) Limited

Alex Lau

Head

Corporate Finance

Heidi Cheng

Deputy Head

Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were taken or deemed to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the "Model Code") were as follows:

Name of director	Name of corporation	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company/ associated corporation
CHIN Wai Leung, Samuel	Company	Personal Interest	16,749,475	0.234%
	Hon Hai	Personal Interest	719,592	0.007%
CHIH Yu Yang	Company	Personal Interest	2,659,610	0.037%
	Hon Hai	Personal Interest	138,594	0.001%
LEE Jer Sheng (Note 1)	Company	Personal Interest	3,292,932	0.046%
		Jointly held Interest	100,000	0.001%
CHANG Ban Ja, Jimmy	Hon Hai	Personal Interest	2,204,712	0.023%
LEE Jin Ming (Note 2)	Hon Hai	Personal Interest	444,276	0.005%
		Through a trust	1,138,520	0.012%

- Notes:*
1. 3,292,932 Shares include 3,024,734 Shares which are issuable upon exercise of share options granted under the share option scheme of the Company. 100,000 Shares are beneficially and jointly owned by Mr. Lee Jer Sheng and Ms. Ting Kuei Feng, the spouse of Mr. Lee Jer Sheng. Accordingly, Mr. Lee Jer Sheng is deemed to be interested in 100,000 Shares which are jointly held by him and his spouse for the purposes of the SFO.
 2. 1,138,520 Shares are held by a trust in which Mr. Lee Jin Ming is the beneficiary. Accordingly, Mr. Lee Jin Ming is deemed to be interested in 1,138,520 Shares which are held by the trust for the purposes of the SFO.

Save as disclosed above, none of the Directors or the chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.

(b) Substantial shareholders' interests

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than the Directors or the chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of substantial shareholder	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding
Foxconn (Far East) Limited	Beneficial owner	5,081,034,525	70.92%
Hon Hai (<i>Notes</i>)	Interest of a controlled corporation	5,081,034,525	70.92%

- Notes:*
1. Foxconn (Far East) Limited is a direct wholly-owned subsidiary of Hon Hai and, therefore, Hon Hai is taken or deemed to be interested in the 5,081,034,525 Shares which are beneficially owned by Foxconn (Far East) Limited for the purposes of the SFO.
 2. Mr. Lee Jin Ming, a non-executive Director, is a director of Foxconn (Far East) Limited and an employee of the Hon Hai Group. Mr. Chang Ban Ja, Jimmy, a non-executive Director, is an employee of the Hon Hai Group.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

4. QUALIFICATION

The following is the qualification of the expert who has given an opinion or advice on the information contained in this circular:

Name	Qualification
CIMB	a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

5. CONSENT

CIMB has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear herein.

6. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

7. MISCELLANEOUS

- (a) None of the Directors has entered into a service contract with the Company which does not expire or which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.
- (b) As at the Latest Practicable Date, CIMB was not beneficially interested in the share capital of any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, none of the Directors or CIMB had any interest, either directly or indirectly, in any assets which have been, since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) The company secretary of the Company is TANG Wan Mui (associate member of the Hong Kong Institute of Company Secretaries and associate member of the Institute of Chartered Secretaries and Administrators).
- (d) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (e) The principal share registrar of the Company is Butterfield Fulcrum Group (Cayman) Limited.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 8/F., Peninsula Tower, 538 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong from the date of this circular to Wednesday, 22 December 2010 (both days inclusive):

- (a) the framework materials and components supply agreement dated 19 January 2005 and the respective supplemental agreements to the framework materials and components supply agreement dated 28 February 2006 and 24 October 2007, each of which was entered into among the Company, Hon Hai, Chimei Innolux and Foxconn Technology; and
- (b) the Supplemental Purchase Agreement.

NOTICE OF EGM

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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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of shareholders of Foxconn International Holdings Limited (the “Company”) will be held at Pacific Room I, 9/F., Towers Wing, The Royal Pacific Hotel and Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 22 December 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolution:

ORDINARY RESOLUTION

“**THAT**

- (i) the terms of the third supplemental agreement to the framework materials and components supply agreement (the “Supplemental Purchase Agreement”) (a copy of which is tabled at the meeting and marked “A” for identification purpose) dated 19 November 2010 entered into among the Company, Hon Hai Precision Industry Co. Ltd. (“Hon Hai”), Chimei Innolux Corporation (“Chimei Innolux”) and Foxconn Technology Co., Ltd. (“Foxconn Technology”) be and are hereby approved in all respects;
- (ii) the transactions from 1 January 2011 to 31 December 2013 contemplated under the framework materials and components supply agreement entered into among the Company, Hon Hai, Chimei Innolux and Foxconn Technology on 19 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006 and 24 October 2007 entered into among the same parties) and further amended by the Supplemental Purchase Agreement (the “Purchase Transaction”) be and are hereby approved in all respects;
- (iii) the annual caps as set out in the circular of the Company dated 2 December 2010 in respect of the Purchase Transaction for the three years ending 31 December 2013 be and are hereby approved in all respects; and

* *for identification purposes only*

NOTICE OF EGM

- (iv) any one director of the Company, or any two directors of the Company, if affixation of the Company's common seal is necessary, be and is/are hereby authorised to execute all such other documents, instruments or agreements and to do all such acts or things which he/they may in his/their discretion consider necessary or incidental in connection with the matters contemplated under the Supplemental Purchase Agreement and/or the Purchase Transaction."

By Order of the Board
Foxconn International Holdings Limited
Chin Wai Leung, Samuel
Chairman and Chief Executive Officer

Hong Kong, 2 December 2010

Registered Office:
Scotia Centre, 4th Floor
P.O. Box 2804, George Town
Grand Cayman
Cayman Islands

Principal Place of Business in Hong Kong:
8/F., Peninsula Tower
538 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

- (a) The register of members of the Company will be closed from Monday, 20 December 2010 to Wednesday, 22 December 2010, both days inclusive, during which period no transfer of shares of the Company ("Shares") can be registered. Members who intend to attend and vote at the extraordinary general meeting must deliver all the transfer documents together with the relevant share certificates to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Friday, 17 December 2010.
- (b) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and to vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
- (c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time fixed for holding of the meeting or any adjourned meeting.
- (d) In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Hon Hai, the ultimate controlling shareholder of the Company, its subsidiaries and associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolution.
- (e) The ordinary resolution set out above will be determined by way of poll.