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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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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 to Foxconn International Holdings Limited

 **ERNST & YOUNG**
Ernst & Young Corporate Finance Limited

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

 **第一上海**
FIRST SHANGHAI GROUP
First Shanghai Capital Limited

A letter from the board of directors of Foxconn International Holdings Limited is set out on pages 3 to 7 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 8 of this circular. A letter from First Shanghai Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 9 to 14 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 2, 2nd Donghuan Road, 10th Yousong Industrial District, Longhua Town, Baoan, Shenzhen, Guangdong, PRC on Monday, 23 October 2006 at 3:00 p.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 46th 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. 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.

6 October 2006

* for identification purpose only

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DEFINITIONS

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

“Announcements”	the announcements of the Company dated 12 and 23 January 2006
“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 of the Company
“Circular”	the circular of the Company dated 10 February 2006
“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 Monday, 23 October 2006 to approve the Proposed Annual Caps
“First Shanghai”	First Shanghai Capital Limited, which has been engaged by the Company to advise its Independent Board Committee and the Independent Shareholders in respect of the Proposed Annual Caps
“Foxconn Far East”	Foxconn (Far East) Limited, a limited liability company incorporated in the Cayman Islands and a controlling shareholder of the Company
“Foxconn Technology”	鴻準精密工業股份有限公司 (Foxconn Technology Company Limited), an associate of Hon Hai, which is principally engaged in the manufacture and sale of various thermal and light products and the shares of which are listed on the Taiwan Stock Exchange Corporation
“Group”	the Company and its subsidiaries
“Hon Hai”	鴻海精密工業股份有限公司 (Hon Hai Precision Industry Company Limited), 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 committee of the Board, comprising the independent non-executive Directors, namely, Mr. Lau Siu Ki, Mr. Edward Fredrick Pensel and Mr. Mao Yu Lang, formed to advise the Independent Shareholders in respect of the Proposed Annual Caps

DEFINITIONS

“Independent Shareholders”	the independent shareholders of the Company in respect of the Purchase Transaction for the purposes of the Listing Rules
“Innolux”	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 and the shares of which are listed on Taiwan OTC Market
“Latest Practicable Date”	4 October 2006, 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
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Proposed Annual Caps”	the proposed annual caps for the Purchase Transaction for each of the two years ending 31 December 2007
“Purchase Transaction”	purchases of materials and components by the Group from the Hon Hai Group contemplated under the framework materials and components supply agreement entered into among the Company, Hon Hai, Innolux and Foxconn Technology on 19 January 2005 (as amended by a supplemental agreement dated 28 February 2006)
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.04 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“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

LETTER FROM THE BOARD

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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)

Executive Directors:

CHIN Wai Leung, Samuel

(Chairman and Chief Executive Officer)

DAI Feng Shuh *(Chief Operating Officer)*

Non-executive Directors:

CHANG Ban Ja, Jimmy

GOU Hsiao Ling

LEE Jin Ming

LU Fang Ming

Independent non-executive Directors:

LAU Siu Ki

Edward Fredrick PENSEL

MAO Yu Lang

Registered Office:

Scotia Centre, 4th Floor

P.O. Box 2804, George Town

Grand Cayman

Cayman Islands

Principal Place of Business

in Hong Kong:

16th Floor, Phase 1

Fountain Set Building

3A Hung Cheung Road

Tuen Mun, New Territories

Hong Kong

6 October 2006

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.

As stated in the Announcements and the Circular, the Company has revised and set (as the case may be) the annual caps for the year ended 31 December 2005 and for the two years ending 31 December 2007 in respect of certain continuing connected transactions between the Group and the Hon Hai Group including, among other transactions, the Purchase Transaction. 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 72.86% of the issued share capital of the Company. The revision and setting (as the case may be) of the annual caps for the Purchase Transaction were approved by the Independent Shareholders in February 2006 in accordance with the requirements of the Listing Rules.

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LETTER FROM THE BOARD

As set out in announcement of the Company dated 20 September 2006, the Company has proposed to revise the annual caps for the two years ending 31 December 2006 and 2007 in respect of the Purchase Transaction.

Based on the maximum of the Proposed Annual Caps, the Purchase Transaction constitutes a non-exempt continuing connected transaction for the Company. Accordingly, the Proposed Annual Caps are subject to the approval by the Independent Shareholders. Hon Hai, its subsidiaries and associates are required to and will abstain from voting at the EGM regarding the resolution to be proposed for approving the Proposed Annual Caps. The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Proposed Annual Caps. First Shanghai 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 and the Proposed Annual Caps and to seek your approval 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 Proposed Annual Caps is set out on page 8 of this circular. The letter from First Shanghai to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the Proposed Annual Caps is set out on pages 9 to 14 of this circular.

PRINCIPAL TERMS OF THE PURCHASE TRANSACTION

The Company, Hon Hai, Innolux and Foxconn Technology entered into a framework materials and components supply agreement on 19 January 2005 (as amended by a supplemental agreement entered into on 28 February 2006 after the supplemental agreement was approved by the Independent Shareholders on the same date) pursuant to which the Group purchases materials and components from the Hon Hai Group for the period up to 31 December 2007 according to the following pricing:

1. in respect of purchases from an Approved Vendor, at the prices agreed between the supplier and the Company's customers; or
2. at a price determined by reference to the average market price which shall be agreed between the parties following the provision of a price quoted by the relevant supplier to the Company and the Company comparing such quote with prices available on the market from third parties.

The Company considers that the Purchase Transaction has been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and on normal commercial terms from the perspective of the Company and the terms of the transaction (as summarized above) are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR THE PURCHASE TRANSACTION

As explained above, Hon Hai is the leading player in the 3C manufacturing services 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 as members of its parent group together with the 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 most of the key materials and components from Approved Vendors. The Company believes it is in its best interests to carry out the Purchase Transaction.

HISTORIC VALUES AND ANNUAL CAPS

The table below sets out (1) the value of the Purchase Transaction for the year ended 31 December 2005; and (2) the original annual caps for the year ended 31 December 2005 and the years ending 31 December 2006 and 2007 as stated in the Announcements and the Circular.

	Audited amount for the year ended 31 December (in US\$'000)	Cap for the year ended 31 December 2005	Original cap for the year ending 31 December 2006	Original cap for the year ending 31 December 2007
The Purchase Transaction	444,457	480,000	844,000	1,266,000

PROPOSED ANNUAL CAPS

The Board has considered and resolved that the new annual caps for the Purchase Transaction (subject to the approval of the Independent Shareholders) be set as follows:

	For the year ending 31 December	
(in US\$'000)	2006	2007
The Purchase Transaction	1,418,600	2,235,600

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

- historical growth rates of the turnover of the Group and the values of the transaction;
- the recent historical percentage of the value of the transaction to the turnover of the Group and assuming that such percentage will remain relatively stable;

LETTER FROM THE BOARD

- internal target turnover of the Group;
- the recent level of the transaction in 2006; and
- a buffer of 15%.

The Company considers that the Proposed Annual Caps are fair and reasonable.

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

EGM

A notice convening the EGM to be held at 2, 2nd Donghuan Road, 10th Yousong Industrial District, Longhua Town, Baoan, Shenzhen, Guangdong, PRC on Monday, 23 October 2006 at 3:00 p.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 Proposed Annual Caps.

The ordinary resolution to be proposed at the EGM will be determined by way of poll by the Independent Shareholders. Hon Hai, the ultimate controlling shareholder of the Company, was interested in approximately 72.86% of the issued share capital of the Company as at the Latest Practicable Date. Hon Hai, its subsidiaries and associates are required to and will abstain from voting at the EGM in respect of such 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 meeting, 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 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and in any event not later 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.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of First Shanghai, is of the view that the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the Proposed Annual Caps at the EGM.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from First Shanghai and 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

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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)

6 October 2006

Dear Independent Shareholders,

CONTINUING CONNECTED TRANSACTION

We refer to the circular dated 6 October 2006 of the Company (“PT Circular”) of which this letter forms part. Terms defined in the PT 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 Proposed Annual Caps. First Shanghai has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

Having taken into account the advice of First Shanghai, we consider that the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, we would advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the Proposed Annual Caps at the EGM.

We also draw the attention of the Independent Shareholders to (i) the letter from the Board, (ii) the letter from First Shanghai, and (iii) the appendix to the PT Circular.

Yours faithfully,

Independent Board Committee

LAU Siu Ki Edward Fredrick PENSEL MAO Yu Lang

Independent non-executive Directors

* for identification purpose only

LETTER FROM FIRST SHANGHAI

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transaction for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

6 October 2006

To the Independent Board Committee and Independent Shareholders
Foxconn International Holdings Limited
16th Floor, Phase 1
Fountain Set Building
3A Hung Cheung Road
Tuen Mun, New Territories
Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transaction, details of which are set out in the circular of the Company dated 6 October 2006 (the “PT Circular”) to the Shareholders of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the PT Circular.

With reference to the Circular, the Group has revised or set (as the case may be) the annual caps for the year ended 31 December 2005 and each of the two years ending 31 December 2007 in respect of the Purchase Transaction between the Group and the Hon Hai Group. The Company considers that the caps for the two years ending 31 December 2007 may not be sufficient and proposes to further revise the caps for the said financial years. Hon Hai is the ultimate controlling shareholder of the Company and thus, a connected person of the Company for the purposes of the Listing Rules. Based on the maximum of the new annual caps (“New Caps”) for the two years ending 31 December 2007 in respect of the Purchase Transaction, the Purchase Transaction constitutes a non-exempt continuing connected transaction for the Company. The terms of the Purchase Transaction remain the same as those approved by the Independent Shareholders on 28 February 2006. The Company would like to seek approval from the Independent Shareholders for the New Caps. An extraordinary general meeting will be held by the

LETTER FROM FIRST SHANGHAI

Company to seek approval from the Independent Shareholders by poll in accordance with the requirements of the Listing Rules. Hon Hai, its subsidiaries and associates will abstain from voting at the extraordinary general meeting regarding the resolution to be proposed for approving the above matter.

The Independent Board Committee, comprising the independent non-executive Directors namely Messrs. Lau Siu Ki, Edward Fredrick Pensel and Mao Yu Lang, has been established to advise the Independent Shareholders in relation to the New Caps. Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is to give an independent opinion as to whether the New Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the PT Circular and provided to us by the Directors and the Company, and have assumed that all such information and representations made or referred to in the PT Circular and provided to us by the Directors and the Company were true at the time they were made and continued to be true as at the date hereof. We have also assumed that all statements of belief, opinion and intention made by the Directors in the PT Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been advised by the Directors that no material facts have been withheld or omitted from the information provided and referred to in the PT Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the PT Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the PT Circular and provided to us by the Directors nor have we conducted any form of investigation into the business, affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations as to the fairness and reasonableness of the New Caps, we have taken into account the following principal factors and reasons:

1. Background

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 stated in the prospectus of the Company dated 24 January 2005 (the "Prospectus"), Hon Hai is a company listed on the Taiwan Stock Exchange. Hon Hai and its subsidiaries design, manufacture and market connectors and cable assemblies in the 3C industries. Within the Hon Hai Group, the Group specialises in manufacturing handsets. As stated in the Prospectus, the Group, as part of the Hon Hai Group, has historically entered into a number of intra-group arrangements with other members of the Hon Hai Group. After the listing of the shares of the Company, the Group continues to have certain connected transactions within the meaning of the Listing Rules, including the Purchase Transaction, with other members of the Hon Hai Group.

LETTER FROM FIRST SHANGHAI

As disclosed in the Prospectus, the Company has obtained waivers from the Stock Exchange from strict compliance with the announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of a number of non-exempt continuing connected transactions, including the Purchase Transaction, between the Group and the Hon Hai Group.

The Company entered into a supplemental agreement (the "Supplemental Agreement") on 28 February 2006 to, among other things, extend the term of the Purchase Transaction from 31 December 2006 to 31 December 2007 and expand the coverage of the eligible parties transacting with the Group to all of Hon Hai, its subsidiaries and its associates. In addition to the Supplemental Agreement, the Company also proposed to increase the annual caps for the Purchase Transaction. The Supplemental Agreement and the revision of the annual caps for the Purchase Transaction was approved by the Independent Shareholders on 28 February 2006 in accordance with the requirements of the Listing Rules.

As stated in the "Letter from the Board" in the PT Circular, the Company considers that the caps for the two years ending 31 December 2007 may not be sufficient and proposes to further revise the caps for the said financial years.

2. Reasons for entering into the Purchase Transaction

As mentioned in the "Letter from the Board" in the PT Circular, Hon Hai is the leading player in the 3C manufacturing services 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. As discussed with the management of the Company, we understand that it is an important competitive advantage of the Group in the handset manufacturing service industry as members of its parent group together with the Group can provide a range of vertically integrated manufacturing services to the customers. Furthermore, the Group is required by its customers to purchase most of the key materials and components from Approved Vendors. As a number of the members of the Hon Hai Group are Approved Vendors and the Group has been purchasing materials and components from such members of the Hon Hai Group for the manufacture of handsets, we are of the view that it is a reasonable and logical commercial decision to continue the business relationship with the relevant connected parties by maintaining the Purchase Transaction and, so far as it is in the best interests of the Company and the Shareholders as a whole, to continue to engage the Hon Hai Group to supply the necessary materials and components in order to avoid a possible disruption to the Group's business.

3. Key terms of the Purchase Transaction

The Company, Hon Hai, Innolux and Foxconn Technology entered into a framework materials and components supply agreement on 19 January 2005 (as amended by the Supplemental Agreement) pursuant to which the Group purchases materials and components from the Hon Hai Group for the period up to 31 December 2007 according to the following pricing policy:

1. in respect of purchases from an Approved Vendor, at the prices agreed between the supplier and the Company's customers; or

LETTER FROM FIRST SHANGHAI

- at a price determined by reference to the average market price which shall be agreed between the parties following the provision of a price quoted by the relevant supplier to the Company and the Company comparing such quote with prices available on the market from third parties.

In respect of the historical Purchase Transaction, we have reviewed the annual report of the Company for the year ended 31 December 2005 and noticed that the Board has engaged the auditors of the Company to perform certain agreed upon procedures to review the Purchase Transaction and other continuing connected transactions of the Group during the period. The auditors have reported their factual findings on those procedures to the Board. The independent non-executive Directors have reviewed the transactions and the findings and confirmed that the transactions are i) in the ordinary and usual course of business of the Company; ii) on normal commercial terms; and iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Having considered i) the above pricing policy governing the Purchase Transaction for the period up to 31 December 2007 and ii) the findings of the auditors of the Company and the confirmation of the independent non-executive Directors in respect of the Purchase Transaction conducted in the previous financial year, we are of the view that the Purchase Transaction will be conducted on normal commercial terms.

4. Basis of determining the New Caps

As mentioned in the announcement of the Company dated 20 September 2006 in relation to, among other things, the New Caps, due to the continuous convergence trend of the 3C industries and the development of the Hon Hai Group as the leading manufacturing service provider of the 3C industries, more and more components manufactured by the Hon Hai Group may be used and have been chosen by the Group's customers for the production of the Group's handsets. Accordingly, the value of the Purchase Transaction continues to increase. The Company estimates that the original annual caps for the Purchase Transaction for the two years ending 31 December 2007 may not be sufficient and proposes to revise the caps accordingly. The table below sets out the original caps and the New Caps:-

	For the year ending 31 December	
	2006	2007
	(US\$'000)	(US\$'000)
Original caps	844,000	1,266,000
New Caps	1,418,600	2,235,600

LETTER FROM FIRST SHANGHAI

As mentioned in the “Letter from the Board” of the PT Circular and as discussed with the Company, the New Caps are determined with reference to projections of the Company which in turn were prepared by the Company mainly with reference to the following factors:

- historical growth rates of the turnover of the Group and the values of the transaction;
- the recent historical percentage of the value of the transaction to the turnover of the Group and assuming that such percentage will remain relatively stable;
- internal target turnover of the Group;
- the recent level of the transaction in 2006; and
- a buffer of 15%.

To assess the basis of determining the New Caps, we have reviewed the historical level of the Purchase Transaction and the Group’s turnover for the three years ended 31 December 2005, which are set out as follows:–

	For the year ended 31 December		
	2003	2004	2005
	<i>(US\$million)</i>	<i>(US\$million)</i>	<i>(US\$million)</i>
Turnover	1,090.62	3,308.27	6,364.50
Actual amount of the Purchase Transaction	32.47	94.04	444.46
<i>Analysis</i>	<i>%</i>	<i>%</i>	<i>%</i>
Growth of turnover	300.36	203.34	92.38
Percentage increase/(decrease) of the actual amount of the Purchase Transaction	(31.70)	189.62	372.63
Percentage of the Purchase Transaction to turnover	2.98	2.84	6.98

From the above table, we notice that the Group’s turnover has been increasing, although at a decelerated rate, significantly in the past three financial years with annual growth rate ranging from approximately 92.38% to 300.36%, or a compound annual growth rate (“CAGR”) of approximately 142% over the past three years. We have also noticed that the amount of the Purchase Transaction represented approximately 2.84% to 6.98% of the Group’s turnover for the respective periods of the three years ended 31 December 2005. As advised by the management of the Company, the amount of the Purchase Transaction over the Group’s turnover for the six months ended 30 June 2006 has increased to approximately 10.71%. We have reviewed the internal projection on the Group’s turnover provided by the Company and understood that, in determining the projected turnover, the Company has prudently assumed a lower year-over-year growth rate than its CAGR of approximately 142%. We understand that the New Caps represent a higher percentage to the Group’s projected turnover of the respective years, comparing with those for the three years ended 31 December 2005 and the six months ended 30 June 2006, and are of the view that it is a

LETTER FROM FIRST SHANGHAI

justifiable basis as the Group will likely make more purchases from the Hon Hai Group given that (i) more members of the Hon Hai Group have become Approved Vendors; and (ii) there is a continuous convergence trend in the 3C industries, in which the Hon Hai Group is one of the leading manufacturing service providers.

Having considered the above, we consider that the basis of determining the New Caps is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the New Caps are fair and reasonable in so far as 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 to be proposed at the extraordinary general meeting to approve the New Caps.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Helen Zee

Managing Director

Fanny Lee

Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein 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 and 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 deemed or taken to have under such provisions of the SFO), or which were required to be and are 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 ("Model Code") were as follows:

Name of director	Name of corporation	Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company/ associated corporation
CHIN Wai Leung, Samuel	the Company	Personal interest	19,834,275	0.284%
	Hon Hai	Personal interest	308,485	0.006%
DAI Feng Shuh	the Company	Personal interest	22,721,275	0.326%
	Hon Hai	Personal interest	212,530	0.004%
CHANG Ban Ja, Jimmy	Hon Hai	Personal interest	1,745,892	0.035%
LEE Jin Ming	Hon Hai	Personal interest	1,031,596	0.021%
LU Fang Ming	Hon Hai	Personal interest	1,540,715	0.031%
MAO Yu Lang	Hon Hai	Personal interest	472,399	0.009%

Save as disclosed above, none of the Directors or the chief executive 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 or 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 executive 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding
Foxconn Far East	Beneficial owner	5,081,034,525	72.86%
Hon Hai (<i>Notes</i>)	Interest of a controlled corporation	5,081,034,525	72.86%

Notes: 1. Foxconn Far East is a direct wholly-owned subsidiary of Hon Hai and, therefore, Hon Hai is deemed or taken to be interested in the 5,081,034,525 Shares which are beneficially owned by Foxconn Far East for the purposes of the SFO.

2. Mr. Lu Fang Ming, a non-executive Director, is a director of Hon Hai. Mr. Lee Jin Ming, a non-executive Director, is a director of Foxconn Far East.

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 executive 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, or who were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any options in respect of such share capital.

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
First Shanghai Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities for the purposes of the SFO

5. CONSENT

First Shanghai 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 2005, being the date to which the latest published audited financial statements of the Group were made up.

7. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

8. RIGHT TO DEMAND A POLL

Article 76 of the articles of the association of the Company sets out the procedure by which Shareholders may demand a poll, and provides that, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded:

- (a) by the chairman of the meeting; or
- (b) by at least five Shareholders present in person or by proxy and entitled to vote; or

- (c) by any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

9. 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, save as disclosed in this circular, none of the Directors or First Shanghai was beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and none had any interest, either directly or indirectly, in any assets which have been, since 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 qualified accountant of the Company is TAM Kam Wah, Danny (associate member of the Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants and associate member of the Chartered Institute of Management Accountants).
- (e) The registered office of the Company is at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands.
- (f) The principal place of business of the Company in Hong Kong is at 16th Floor, Phase 1, Fountain Set Building, 3A Hung Cheung Road, Tuen Mun, New Territories, Hong Kong.
- (g) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.

- (h) The principal share registrar of the Company is Butterfield Fund Services (Cayman) Limited.
- (i) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of Ernst & Young Corporate Finance Limited at 12th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong from the date of this circular to Monday, 23 October 2006 (both days inclusive):

- (a) the framework materials and components supply agreement dated 19 January 2005 (the “Framework Materials and Components Supply Agreement”) entered into among the Company, Hon Hai, Innolux and Foxconn Technology; and
- (b) the supplemental agreement to the Framework Materials and Components Supply Agreement dated 28 February 2006 entered into among the Company, Hon Hai, Innolux and Foxconn Technology.

NOTICE OF EGM

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of shareholders of Foxconn International Holdings Limited (the “Company”) will be held at 2, 2nd Donghuan Road, 10th Yousong Industrial District, Longhua Town, Baoan, Shenzhen, Guangdong, PRC, on Monday, 23 October 2006 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the proposed annual caps in respect of the purchase transaction under the framework materials and components supply agreement dated 19 January 2005 entered into among the Company, Hon Hai Precision Industry Company Limited, Innolux Display Corporation and Foxconn Technology Company Limited (as amended by a supplemental agreement entered into by the same parties on 28 February 2006) for the two years ending 31 December 2006 and 2007 as set out in the circular of the Company dated 6 October 2006 be and are hereby approved.”

By order of the Board

Foxconn International Holdings Limited

Chin Wai Leung, Samuel

Chairman and Chief Executive Officer

Hong Kong, 6 October 2006

Registered Office:

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

Principal Place of Business in Hong Kong:

16th Floor, Phase 1
Fountain Set Building
3A Hung Cheung Road
Tuen Mun, New Territories
Hong Kong

* for identification purpose only

NOTICE OF EGM

Notes:

- (a) The register of members of the Company will be closed from Friday, 20 October 2006 to Monday, 23 October 2006, both days inclusive, during which period no transfer of shares of the Company (“Shares”) can be registered.
- (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 46th 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 (“Listing Rules”), Hon Hai Precision Industry Company Limited, 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.