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**VALUE MANAGEMENT HOLDING LIMITED**  
*(Incorporated in the British Virgin Islands with limited liability)*

**CAPXON INTERNATIONAL ELECTRONIC  
COMPANY LIMITED**  
**凱普松國際電子有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 0469)**

**JOINT ANNOUNCEMENT**

**(1) PROPOSAL FOR THE PRIVATISATION OF  
CAPXON INTERNATIONAL ELECTRONIC COMPANY LIMITED  
BY THE OFFEROR  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES LAW)**

**(2) PROPOSED WITHDRAWAL OF LISTING**

**AND**

**(3) RESUMPTION OF TRADING IN SHARES**

**Financial Adviser to the Offeror**



**Elstone Capital Limited**

**Independent Financial Adviser to the Independent Board Committee**



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*The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.*

*The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.*

## **NOTICE TO US INVESTORS**

*The Proposal is being made to cancel the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law. The Scheme must be approved by the requisite majority of shareholders and sanctioned by the Cayman court. The shares of the Cayman Islands company are listed on the Stock Exchange and are not listed on a United States national securities exchange or registered under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities and Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules.*

*It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

*The financial information included in this Announcement (if any) has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.*

*The Scheme has not been approved or disapproved by the United States Securities and Exchange Commission or the securities regulatory authority of any state of the United States, nor has the Commission or any such state regulatory authority passed on the adequacy or accuracy of this announcement. Any representation to the contrary is a criminal offence in the United States.*

## **1. INTRODUCTION**

On 29 May 2020, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the

Companies Law involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

## **2. TERMS OF THE PROPOSAL**

### **Cancellation Price**

Under the Scheme, the Scheme Shareholders will receive from the Offeror the Cancellation Price of HK\$0.60 in cash for every Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Effective Date.

As at the Announcement Date, no dividends or distribution declared by the Company was outstanding. The Company does not intend to declare any dividends or distribution during the offer period.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years. The Cancellation Price of HK\$0.60 per Scheme Share represents:

- a premium of approximately 79.1% over the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 94.2% over the average closing price of approximately HK\$0.309 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 88.1% over the average closing price of approximately HK\$0.319 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 88.1% over the average closing price of approximately HK\$0.319 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 76.0% over the average closing price of approximately HK\$0.341 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 67.1% over the average closing price of approximately HK\$0.359 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;

- a premium of approximately 54.6% over the average closing price of approximately HK\$0.388 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a discount of approximately 37.5% over the unaudited net asset value per Share in the Company of approximately RMB0.865 (or approximately HK\$0.960 equivalent) as at 31 December 2019, based on the audited net assets of the Group as stated in the consolidated statement of financial position of the Company included in its annual report for the financial year ended 31 December 2019, the RMB to HK\$ exchange rate of RMB1.00 to HK\$1.1101 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Date) and 844,559,841 Shares in issue as at the Announcement Date.

During the six-month period preceding and including the Announcement Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.440 on 31 December 2019 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.250 on 19 March 2020.

### **Total consideration and financial resources**

On the basis of the Cancellation Price of HK\$0.60 per Scheme Share and 250,065,502 Scheme Shares being in issue as at the Announcement Date and assuming that no further Shares will be issued before the Record Date, the Scheme Shares are in aggregate valued at approximately HK\$150,039,301.2, which represents the amount of cash required for the Proposal.

The Offeror's payment obligations to the Scheme Shareholders in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the cash required for the cancellation of the Scheme Shares using the proceeds of a facility of up to HK\$180 million granted by CTBC Bank Co., Ltd., a third party independent of the Offeror.

Elstone, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging their obligations in respect of the full implementation of the Scheme in accordance with their respective terms.

### **3. CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders subject to the fulfilment or waiver (as applicable) of the following:

- (1) the approval of the Scheme (by way of poll) by a majority in number of the Independent Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting;
- (2) (a) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and  
 (b) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (3) (a) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme

Shares; and (b) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by an application of the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, to be allotted and issued to the Offeror;

- (4) the sanction of the Scheme (with or without modifications) by the Grand Court and its confirmation of the reduction of the number of issued Shares in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (5) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the number of issued Shares in the issued share capital of the Company;
- (6) all necessary Authorisations in connection with the Proposal and the Scheme having been obtained from, given by or made with or by (as the case may be) the Relevant Authorities and remaining in full force and effect without modification, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (7) all necessary consents (including consents from the relevant lenders) in connection with the Proposal and the withdrawal of listing of Shares from the Stock Exchange which may be required under any existing contractual obligations of the Company being obtained and remained in effect;
- (8) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (9) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Company and its subsidiaries taken as a whole or in the context of the Proposal); and
- (10) save as publicly announced prior to the Announcement Date, there not having been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

The Company is incorporated in the Cayman Islands, and the operations of the Group are mainly in the PRC. The shareholders of the Offeror and its concert parties are Taiwan citizens, and increase of the interests of the Offeror in the Company may be considered as overseas investments by Taiwan citizens.

The ultimate beneficial shareholders may consequently be required to obtain the approval from and/or make filings to the Investment Commission of the Ministry of Economic Affairs of Taiwan (經濟部投資審議委員會) for such increase in interests in the Company. The Company is in the process of making enquiries with the relevant authorities in Taiwan on whether an approval is required or only filing is required in respect of the Proposal. If the aforementioned approval is required, the obtaining of such approval will be part of Condition (6) above. If only filing is required, it will be made after the Scheme becomes effective and will not be a condition to the Proposal. In relation to Condition (6), apart from the aforementioned, the Offeror is not aware of any other Authorisations which is necessary for the Proposal. In respect of the Conditions (7) to (10), the Offeror is not currently aware of any Authorisations or consents which are required, and any other matter that would constitute a breach of Conditions (7) to (10).

The Offeror reserves the right to waive Conditions (7) to (10) either in whole or in part, either generally or in respect of any particular matter. Conditions (1), (2), (3), (4), (5) and (6) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of a material significance to the Offeror in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse.

The Company has no right to waive any of the Conditions.

The Proposal has been approved by the board of directors of the Offeror, but is not required to be approved by the shareholders of the Offeror.

A detailed expected timetable will be included in the Scheme Document.

None of the Offeror and the Offeror Concert Parties has dealt in any kind in the securities (including convertible securities, warrants, options and derivatives in respect of such securities) of the Company between the time when there is reason to suppose that the Proposal is contemplated and the Announcement Date. None of the Offeror and the Offeror Concert Parties will sell any securities in the Company during the offer period except with the prior consent of the Executive and in accordance with the Takeovers Code.

#### **Warnings:**

**Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

#### **4. SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the Announcement Date, the authorised share capital of the Company is HK\$150,000,000 divided into 1,500,000,000 Shares, and the Company has 844,559,841 Shares in issue. As at the Announcement Date, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the 844,559,841 Shares in issue. As at the Announcement Date, the Scheme Shares, comprising 250,065,502 Shares, represent approximately 29.61% of the issued share capital of the Company.

As at the Announcement Date, the Offeror holds 374,585,006 Shares (representing approximately 44.35% of the issued share capital of the Company). The Offeror Concert Parties hold in aggregate 219,909,333 Shares (representing approximately 26.04% of the issued share capital of the Company). The Offeror and the Offeror Concert Parties hold in aggregate 594,494,339 Shares (representing approximately 70.39% of the issued share capital of the Company). These Shares held by the Offeror and the Offeror Concert Parties will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting.

The Offeror is currently the controlling shareholder of the Company, and will, under the Scheme, cancel all Scheme Shares upon the Scheme becoming effective. Following cancellation of the Scheme Shares upon the Scheme becoming effective and immediately thereafter, the application of reserve created as a result of the cancellation of the Scheme Shares to increase the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of Scheme Shares cancelled, the Offeror's shareholding in the Company will increase from approximately 44.35% as of the Announcement Date to approximately 73.96% upon the Scheme becoming effective.

On the assumption that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	% <sup>(8)</sup>	Number of Shares	% <sup>(8)</sup>
the Offeror <sup>(1)</sup>	374,585,006	44.35%	624,650,508 <sup>(9)</sup>	73.96%
<u>Offeror Concert Parties not subject to the Scheme</u>				
Mr. CT Lin <sup>(2)</sup>	101,657,378	12.04%	101,657,378	12.04%
Ms. Chou <sup>(3)</sup>	67,955,786	8.05%	67,955,786	8.05%
Hung Yu <sup>(4)</sup>	20,775,777	2.46%	20,775,777	2.46%
Mr. YY Lin <sup>(5)</sup>	13,161,622	1.56%	13,161,622	1.56%
Ms. IC Lin <sup>(6)</sup>	9,429,777	1.12%	9,429,777	1.12%
Ms. Liu <sup>(7)</sup>	6,928,993	0.82%	6,928,993	0.82%
sub-total:	219,909,333	26.04%	219,909,333	26.04%
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	594,494,339	70.39%	844,559,841	100.00%
Independent Shareholders	250,065,502	29.61%	0	0.00%
Total number of Shares	844,559,841	100.00%	844,559,841	100.00%
Total Number of Scheme Shares	250,065,502	29.61%	0	0.00%

Notes:

- Shares in which the Offeror is interested will not form part of the Scheme Shares and will not be cancelled.
- Mr. CT Lin is the Chairman, President and an executive director of the Company and the spouse

of Ms. Chou.

3. Ms. Chou is the Vice-President and an executive director of the Company, and the spouse of Mr. CT Lin.
4. Hung Yu is held by Ms. Chou as to 53.06%, Mr. CT Lin as to 37.04%, Mr. YY Lin as to 4.94%, Ms. IC Lin as to 2.47% and Ms. Liu as to 2.49%.
5. Mr. YY Lin is the Chief Executive Officer and an executive director of the Company, the son of Mr. CT Lin and Ms. Chou and the spouse of Ms. Liu.
6. Ms. IC Lin is an executive director of the Company and the daughter of Mr. CT Lin and Ms. Chou.
7. Ms. Liu is a non-executive director of the Company and the spouse of Mr. YY Lin.
8. All percentages in the above table are approximations.
9. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be reduced by the amount of the Scheme Shares acquired and cancelled. Forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to the Offeror, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Offeror.

As at the Announcement Date, (i) none of the Offeror and any of the Offeror Concert Parties holds, owns, controls or has direction over any options, warrants or convertible securities in respect of the Shares, and (ii) there are no outstanding derivatives in respect of the Shares entered into by the Offeror or the Offeror Concert Parties. The Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into the Shares as at the Announcement Date.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror and the Offeror Concert Parties will hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

## **5. REASONS FOR, AND BENEFITS OF, THE PROPOSAL**

### **(i) Low trading liquidity of the Shares**

The trading liquidity of the Shares has been at a relatively low level over a prolonged period in recent years, with an average daily trading volume of approximately 727,523 Shares for the 24 months up to and including the Last Trading Day, representing less than approximately 0.09% of the total issued Shares as at the Last Trading Day. The low trading liquidity of the Shares has rendered it difficult for Shareholders to execute substantial on-market disposals timely without adversely affecting the price of the Shares. Additionally, the low trading liquidity of Shares hinders the Company's ability to raise further funds from the equity market for the Group's business developments.

### **(ii) Lack of benefit from maintaining the listing status of the Company**



The Company has not utilised its listing status for any equity fund raising activities in recent years, nor has it been able to attract any prospective strategic or financial investors to further commit any resources. The listing status is not expected to provide any benefit to the Company in the near term but would involve administrative, compliance and other listing-related costs and expenses being incurred. The Proposal entails the privatisation and delisting of the Company, and is expected to substantially reduce the administrative costs and management resources to be committed in maintaining its listing status and compliance with regulatory requirements.

**(iii) Unfavourable recent judgement against the Group imposing further downward pressure on the trading price**

As disclosed in the announcement published by the Company on 15 May 2020 and its previous annual reports, a Taiwan subsidiary of the Group has been involved in a prolonged legal proceeding as the defendant with one of its customers in respect of its arbitration claim against a Taiwan subsidiary of the Group since 2011. Although the Group has set aside provisions for the potential financial impact from this legal proceeding, the unfavorable court judgement is believed to have resulted in downward pressure on the Company's trading price, which has dropped by approximately 6.3% from HK\$0.315 on 15 May 2020, to HK\$0.295 on 18 May 2020. The Proposal would allow the Scheme Shareholders to exit from their investments in the Company to avoid the uncertainty involved in the relevant legal proceeding.

**(iv) Proposal allowing the management to focus on addressing uncertainties in recent socio-economics**

As mentioned in the Company's audited annual results announcement for the year ended 31 December 2019 dated 29 April 2020, the lockdown due to the outbreak of COVID-19 in China has brought the Group's manufacturing activities to a stand-still, in particular at its Yichang Production Plant since February 2020. The duration and long term effect of the COVID-19 pandemic remains uncertain. In addition, uncertainties faced by the Group is exacerbated by (i) the intensified Sino-US trade disputes, (ii) uncertain price movements of the aluminum foils in light of the recent decrease in the second half of 2019, (iii) the inherent uncertainties of results from the Group's continuous research and development expenses, (iv) drastically changing market outlook with the introduction of the 5G, artificial intelligence ("AI") and internet of things ("IoT") technology, among others. The Proposal can effectively free the Offeror and the management from the on-going regulatory constraints and the pressure from market expectations on the Company's stock price, and can refocus the management efforts on formulating the Group's long-term growth strategies, provide more flexibilities as a privately operated business, and will also allow the public Shareholders to avoid the abovementioned uncertainties from continuing to hold the Shares.

**(v) An opportunity for Scheme Shareholders to realise their investment at premiums to the recent trading price levels**

Since the Company's listing in May 2007, the Share price has, for most of the time, been (i) below its initial public offering offer price and (ii) suffering from a discount of around 50% to 80% from its net asset values as stated in the financial statements of its prior year's annual reports and interim reports. Against the abovementioned (i) low trading liquidity, (ii) unfavorable legal proceeding and (iii) increasing level of uncertainties faced by the Group's operations, the Proposal provides the Scheme Shareholders an opportunity to realise their investments in the Company for cash at the Cancellation Price, which is set at premiums to the recent trading levels as set out in the section headed "2. Terms of the Proposal" above. The Cancellation Price represents a premium of approximately (i) 79.1% over the closing price of the Shares on the Last Trading Day; (ii) 94.2% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (iii) 88.1% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (iv) 88.1% over the average closing price of the Shares for the 60 trading days up to and including the Last Trading Day; and (v) 67.1% over the average closing price of the Shares for the 120 trading days up to and including the Last Trading Day.

## **6. INFORMATION ON THE GROUP AND THE OFFEROR**

### **The Group**

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange with the stock code 0469. The Group is principally engaged in the business of manufacturing and selling capacitors.

### **The Offeror**

The Offeror is an investment holding company incorporated in the British Virgin Islands and its only business is the holding of the Shares. The Offeror is interested in approximately 44.35% of the issued share capital of the Company. As at the Announcement Date, the Offeror is owned as to 10% by Ms. Chou, 35% by Mr. YY Lin, 35% by Ms. IC Lin and 20% by Ms. Liu.

## **7. WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange following the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

## **8. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The Scheme will lapse if any of the Conditions (7) to (10) has not been fulfilled or waived by the Offeror or any of the Conditions (1) to (6) cannot be fulfilled, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive). The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with either of them in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

## **9. OVERSEAS SHAREHOLDERS**

As at the Announcement Date, there were 169 Shareholders whose addresses as shown in the register of members of the Company were outside Hong Kong. Those 169 Shareholders included 168 Shareholders in Taiwan and one Shareholder in the U.S. The making of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. The Company will seek legal advice from local counsel

in the aforementioned jurisdictions as to whether there is any restriction under the respective laws or regulations of those jurisdictions against extending the Scheme automatically or despatching the Scheme Document to those overseas Shareholders.

Such overseas Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders, wishing to take an action in relation to the Proposal, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such overseas Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch of the Scheme Document to overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome or otherwise not in the best interests of the Company or its Shareholders, the Scheme Document will not be despatched to such overseas Scheme Shareholders. In such case, the Offeror reserves the right to make arrangements in respect of Scheme Shareholders not resident in Hong Kong in relation to the terms of the Proposal. Such arrangements may include notifying any matter in connection with the Proposal to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Shareholders to receive or see that notice.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, the Company and Elstone or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

## **10. SCHEME SHARES, COURT MEETING AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY**

As at the Announcement Date, the Offeror holds 374,585,006 Shares (representing approximately 44.35% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As the Offeror is not a Scheme Shareholder, it will not vote on the Scheme at the Court Meeting.

As at the Announcement Date, Mr. CT Lin, an Offeror Concert Party, is directly interested in 101,657,378 Shares (representing approximately 12.04% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

As at the Announcement Date, Ms. Chou, an Offeror Concert Party, is directly interested in 67,955,786 Shares (representing approximately 8.05% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

As at the Announcement Date, Hung Yu, an Offeror Concert Party, is directly interested in 20,775,777 Shares (representing approximately 2.46% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

As at the Announcement Date, Mr. YY Lin, an Offeror Concert Party, is directly interested in 13,161,622 Shares (representing approximately 1.56% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

As at the Announcement Date, Ms. IC Lin, an Offeror Concert Party, is directly interested in 9,429,777 Shares (representing approximately 1.12% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

As at the Announcement Date, Ms. Liu, an Offeror Concert Party, is directly interested in 6,928,993 Shares (representing approximately 0.82% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

All Independent Shareholders will be entitled to attend and vote on the Scheme in the Court Meeting. None of the Offeror and the Offeror Concert Parties, or their respective concert parties, who hold Shares will vote on the resolution described in paragraphs (1) to (2) under the section headed "3. Conditions of the Proposal and the Scheme".

All Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on (i) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares as a result of the Scheme; and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by an application of the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, to be allotted and issued to the Offeror.

The Offeror will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

The Offeror has indicated that if the Scheme is approved at the Court Meeting, those Shares held by them will be voted in favour of the resolutions to be proposed at the extraordinary general meeting of the Company.

## **11. INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises the independent non-executive Directors, namely Mr. Hsieh King-Hu, Miles, Mr. Lu Hong Te and Mr. Tung Chin Chuan, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and in favour of the resolutions described in Condition (3) in the section headed "3. Conditions of the Proposal and the Scheme" of this Announcement at the extraordinary general meeting of the Company.

Although Ms. Liu is a non-executive Director, she owned approximately 20% and approximately 2.49% of the Offeror and Hung Yu, respectively, and is directly interested in approximately 0.82% of the issued share capital of the Company as at the Announcement Date. Ms. Liu is therefore regarded as being interested in the Proposal and will not form part of the Independent Board Committee.

## **12. INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

### **13. DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, among others, further details of the Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Companies Law and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the extraordinary general meeting of the Company. Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

### **14. DISCLOSURE OF DEALINGS**

Associates (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period.

To the best knowledge of the Offeror, neither the Offeror nor any of the Offeror Concert Parties had any dealings for value in the Shares during the period commencing six months prior to the Announcement Date.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

### **15. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS**

This Announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Announcement include statements about the expected effects on the Company of the

Proposal, the expected timing and scope of the Proposal, and all other statements in this Announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date.

## **16. GENERAL**

The Offeror has appointed Elstone as its financial adviser in connection with the Proposal.

Mr. CT Lin, Ms. Chou, Mr. YY Lin, Ms. IC Lin and Ms. Liu, each a member of the Lin Family, are directly and/or indirectly interested in the Shares. Mr. CT Lin and Ms. Chou are directors of the Offeror. Therefore, Mr. CT Lin, Ms. Chou, Mr. YY Lin, Ms. IC Lin and Ms. Liu are regarded as being interested in the Proposal, and therefore have abstained and will continue to abstain from voting in respect of the board resolutions of the Company in relation to the Proposal.

The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

No irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the Announcement Date.

Save for the Proposal, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal.

Save as disclosed in this Announcement, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

The Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Announcement Date.

The Offeror confirms that there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

Other than the Cancellation Price payable under the Scheme, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares.

## 17. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on Monday, 1 June 2020 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 8 June 2020.

## 18. DEFINITIONS

In this Announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement”	this announcement jointly issued by the Offeror and the Company
“Announcement Date”	5 June 2020, being the date of this Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for any members of the Group to carry on its business
“Board”	the board of directors of the Company
“Cancellation Price”	the cancellation price of HK\$0.60 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“Company”	Capxon International Electronic Company Limited 凱普松國際電子有限公司 (stock code: 0469), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “3. Conditions of the Proposal and the Scheme” of this Announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Law

“Elstone”	Elstone Capital Limited, being the financial adviser to the Offeror in relation to the Proposal, a registered institution under the SFO, registered to carry on Type 6 (advising on corporate finance) regulated activities under the SFO
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hung Yu”	Hung Yu Investment Co., Ltd. 虹祐投資股份有限公司, a company incorporated in Taiwan and is owned as to 53.06% by Ms. Chou, 37.04% by Mr. CT Lin, 4.94% by Mr. YY Lin, 2.47% by Ms. IC Lin and 2.49% by Ms. Liu
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal and the Scheme
“Independent Financial Adviser”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal, a registered institution under the SFO, registered to carry on Type 1 (Dealing in Securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties
“Last Trading Day”	29 May 2020, being the last trading day of Shares prior to the issuance of this Announcement
“Lin Family”	Mr. CT Lin, Ms. Chou, Mr. YY Lin, Ms. IC Lin and Ms. Liu
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	21 November 2020
“Mr. CT Lin”	Mr. Lin Chin Tsun, the chairman of the Board and an executive Director
“Mr. YY Lin”	Mr. Lin Yuan Yu, an executive Director
“Ms. Chou”	Ms. Chou Chiu Yueh, an executive Director
“Ms. IC Lin”	Ms. Lin I Chu, an executive Director
“Ms. Liu”	Ms. Liu Fang Chun, a non-executive Director



“Offeror”	Value Management Holding Limited, a company incorporated in the British Virgin Islands and is owned as to 10.0% by Ms. Chou, 35.0% by Mr. YY Lin, 35.0% by Ms. IC Lin and 20% by Ms. Liu.
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including Mr. CT Lin, Ms. Chou, Hung Yu, Mr. YY Lin, Ms. IC Lin and Ms. Liu
“PRC”	the People’s Republic of China (for the purpose of this Announcement, excluding Hong Kong, the Macao Special Administrative Region and the Republic of Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Announcement
“Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of all the Scheme Shares
“Scheme Document”	the composite scheme document to be issued by the Company and the Offeror containing, among other things, further details of the Proposal together with the additional information specified in the section headed “13. Despatch of Scheme Document” of this Announcement
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Offeror and the Offeror Concert Parties
“Scheme Shareholder(s)”	holder(s) of Scheme Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“US”	the United States of America

By Order of the board of  
**Value Management Holding Limited**  
**Ms. Chou Chiu Yueh**  
*Director*

By Order of the board of  
**Capxon International Electronic Company  
Limited**  
**Mr. Lin Chin Tsun**  
*Director*

Hong Kong, 5 June 2020

*As at the Announcement Date, the directors of the Offeror are Mr. Lin Chin Tsun and Ms. Chou Chiu Yueh.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.*

*As at the Announcement Date the Board comprises four executive Directors, namely Mr. Lin Chin Tsun (Chairman and President), Ms. Chou Chiu Yueh (Vice President), Mr. Lin Yuan Yu (Chief Executive Officer) and Ms. Lin I Chu, one non-executive Director, namely Ms. Liu Fang Chun and three independent non-executive Directors, namely Mr. Hsieh King-Hu, Miles, Mr. Lu Hong Te and Mr. Tung Chin Chuan.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement relating to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement by the Group have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.*