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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: 469)

website: www.capxongroup.com

INSIDE INFORMATION UPDATES ON COURT PROCEEDINGS

This announcement is made by Capxon International Electronic Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong limited (the "**Listing Rules**") and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the audited annual results announcement of the Company for the year ended 31 December 2019 (the "**Results Announcement**"), the annual report of the Company for the year ended 31 December 2019 (the "**2019 Annual Report**") and the announcement of the Company dated 15 May 2020 (the "**May 2020 Announcement**"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Results Announcement, the 2019 Annual Report and the May 2020 Announcement.

The Company would like to update its shareholders and potential investors as set forth below:

BACKGROUND

As disclosed in the Results Announcement, the 2019 Annual Report and May 2020 Announcement, subsequent to the issuance of the Arbitral Award in August 2014, the Claimant has taken enforcement actions against Capxon Taiwan in Hong Kong. On the application of the Claimant, the HK Court gave leave to enforce the Arbitral Award in Hong Kong in October 2017. On 14 May 2020, the HK Court handed down its Judgments, whereby it (i) made the Charging Order Nisi absolute and (ii) by way of a post-judgment disclosure order, ordered Capxon Taiwan to disclose certain information regarding the financial position of and transactions involving the assets of Capxon Taiwan and Lancom Limited to the Claimant.

UPDATES ON COURT PROCEEDINGS

On 30 July 2020, on application by the Claimant, the HK Court made an order entitled "Injunction Prohibiting Disposal of Assets in Hong Kong" (the "**Injunction Order**") against Lancom Limited and the Company (collectively, the "**Respondents**"), with notice to Mr. Lin Chin Tsun and Ms. Chou Chiu Yueh (as directors of the Respondents).

Pursuant to the Injunction Order, the Respondents must not:

- (i) remove from Hong Kong any of their assets which are within Hong Kong, whether in their own name or not, and whether solely or jointly owned, up to the value of JPY3,700,000,000 (or its Hong Kong dollars equivalent of HK\$273,000,000) (the "**Stated Amount**"); or
- (ii) in any way dispose of or deal with or diminish the value of any of their assets, which are within Hong Kong (except any assets specified in the Injunction Order that may be situated outside Hong Kong), whether in their own name or not, and whether solely or jointly owned up to the Stated Amount.

In particular, the prohibition in the Injunction Order includes the following assets:

- (i) money in the bank accounts of any of the Respondents;
- (ii) Lancom Limited's accounts receivables against Waystech Trading Limited (威達貿易有限公司) and Capxon Trading (Shenzhen) Co., Ltd (凱普松貿易(深圳)有限公司); and
- (iii) the Company's direct or indirect shareholding or equity interests in Capxon Taiwan, Lancom Limited and the companies specified in the Injunction Order.

If the total unencumbered value of the Respondents' assets in Hong Kong exceeds the Stated Amount, the Respondents may remove any of those assets from Hong Kong or may dispose of or deal with them so long as the total unencumbered value of its assets still in Hong Kong remains above the Stated Amount.

Further, pursuant to the Injunction Order, the Company must inform the Claimant in writing at once of all of its assets of an individual value of HK\$100,000 or more in Hong Kong, whether in its own name or not and whether solely or jointly owned, giving the value, location and details of all such assets.

The Injunction Order will remain in force up to and including 7 August 2020, being the return date for a further hearing regarding the Injunction Order.

The Respondents are seeking legal advice in respect of the Injunction Order. The Company will make further announcement(s) if there is any significant development of the Injunction Order as and where appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Capxon International Electronic Company Limited
Lin Chin Tsun
Chairman

Hong Kong, 3 August 2020

As at the date of this announcement, 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.