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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 LEGAL 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 for the year ended 31 December 2019 (the "**Announcement**") and the annual report for the year ended 31 December 2019 (the "**2019 Annual Report**") of the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement and the 2019 Annual Report.

The Company would like to update its shareholders and potential investors on the latest development of the HK Legal Proceedings (as defined below).

BACKGROUND

As disclosed in the Announcement and the 2019 Annual Report, 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 and granted a charging order nisi in respect of the shares in Lancom Limited (an indirect non-wholly owned subsidiary of the Company) held by Capxon Taiwan in November 2017 (the "**Charging Order Nisi**"). At the substantive hearing held on 20 November 2018, Capxon Taiwan opposed against the Charging Order Nisi being made absolute (the "**Charging Order Proceedings**"). In September 2018, the Claimant also applied to the HK Court to obtain disclosure against Capxon Taiwan regarding its assets and such application was heard at the hearing held on 26 September 2019 (the "**Disclosure Application Proceedings**", together with the Charging Order Proceedings, the "**HK Legal Proceedings**"). At the conclusion of the hearings for the HK Legal Proceedings, the HK Court has reserved its judgments.

UPDATES ON HK LEGAL PROCEEDINGS

On 14 May 2020, the HK Court handed down its judgments in respect of the HK Legal Proceedings (the "**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.

Capxon Taiwan is seeking legal advice in respect of the Judgments and will make further announcement(s) if there is any significant development of the HK Legal Proceedings 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, 15 May 2020

As at the date of this announcement, the board of directors of the Company 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.