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The logo for CapXon, featuring the word "CapXon" in white serif font on a blue rectangular background.

**VALUE MANAGEMENT
HOLDING LIMITED**
價值管理控股有限公司

*(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
AND**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
CAPXON INTERNATIONAL ELECTRONIC COMPANY LIMITED**

MONTHLY UPDATE ANNOUNCEMENT

Financial Adviser to the Offeror

The logo for Elstone, featuring the Chinese characters "千里碩" in gold and grey, followed by a stylized graphic of three vertical bars of increasing height, and the word "ELSTONE" in grey capital letters below.

Elstone Capital Limited

Independent Financial Adviser to the Independent Board Committee



SOMERLEY CAPITAL LIMITED

Sommerley Capital Limited

INTRODUCTION

Reference is made to (i) the joint announcement issued by Capxon International Electronic Company Limited (the “**Company**”) and Value Management Holding Limited (the “**Offeror**”) dated 5 June 2020 (the “**Joint Announcement**”), in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Law; and (ii) the joint announcement of the Company and the Offeror dated 26 June 2020 in relation to the extension of time for the despatch of the Scheme Document. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement.

MONTHLY UPDATE ON THE PROPOSAL

Scheme Document

The Offeror and the Company would like to update the Shareholders and potential investors that the Offeror and the Company are still in the process of finalising the information to be included in the Scheme Document (including without limitation the letter of advice from the Independent Financial Adviser and the unaudited financial information of the Group for the six months ended 30 June 2020).

Approval from MOEAIC on Proposal required

As stated in the Joint Announcement, the shareholders of the Offeror (the “**Offeror Shareholders**”) and its concert parties are Taiwan citizens, and the increase of interests of the Offeror in the Company under the Proposal may be considered as overseas investments by Taiwan citizens. The Offeror Shareholders have, through their relevant agent in Taiwan (the “**TW Agent**”), made enquiries with, and obtained a reply from the Investment Commission of the Ministry of Economic Affairs of Taiwan (經濟部投資審議委員會) (“**MOEAIC**”) and that an approval from MOEAIC is required in respect of the Proposal. The obtaining of the approval from MOEAIC will be part of Condition (6) as stated in the paragraph headed “3. Conditions of the Proposal and the Scheme” in the Joint Announcement.

On 2 July 2020, the TW Agent received a written reply from MOEAIC, clarifying and confirming its view in respect of the Proposal, that:

- (a) the Proposal is considered an overseas investment as well as mainland China investment by Taiwan citizens; and
- (b) the Proposal is deemed to be investments made by the Offeror Shareholders as individuals.

According to the 《在大陸地區從事投資或技術合作審查原則》 (Principles for Approval of Investment or Technological Collaboration in Mainland China) (the “**Approval Principles**”) published by MOEAIC on 12 March 2019, the maximum aggregate annual amount of investment for each individual Taiwan investor in mainland China shall not exceed US\$5.00 million (the “**Investment Limit**”). After a further enquiry made with MOEAIC on 20 July 2020, MOEAIC confirmed its final view that the Investment Limit applies to each Offeror Shareholder individually, that is, the Investment Limit for the Offeror Shareholders cannot be aggregated to allow the maximum investment amount of US\$20.00 million.

The Company estimated that the approximate amount of investments in mainland China by the Offeror as at 31 December 2019 was (for the purpose of calculation of the Investment Limit under the Approval Principles only) approximately US\$18.78 million. As each of Mr. YY Lin and Ms. IC Lin owns 35% of the shareholding in the Offeror as at the date of this announcement, the approximate deemed amount of investment in Mainland China made by each of them amounted to approximately US\$6.57 million and exceeded the Investment Limit.

Subscription for shares in the Offeror by Mr. CT Lin

In order to comply with the Investment Limit under the Approval Principles, Mr. CT Lin will subscribe for 350,000 shares of the Offeror at US\$1.00 per share (the “**Subscription**”), such that the deemed approximate amounts of investment in mainland China under the Proposal of each of Mr. CT Lin, Mr. YY Lin, Ms. IC Lin, Ms. Liu and Ms. Chou will be below US\$5.00 million upon completion of the Proposal. Upon completion of the Subscription, the respective shareholding of the shareholders of the Offeror and their corresponding deemed approximate amount of investment in mainland China will be as set out below:

Shareholders of Offeror ^(Note)	Shareholding in the Offeror after the Subscription		Approximate deemed amount of investment in mainland China
	Shares	(%)	(US\$ million)
Mr. CT Lin	350,000	25.93	4.87
Mr. YY Lin	350,000	25.93	4.87
Ms. IC Lin	350,000	25.93	4.87
Ms. Liu	200,000	14.81	2.78
Ms. Chou	100,000	7.40	1.39
Total:	1,350,000	100.00%	18.78

Note: Mr. CT Lin, Ms. Chou, Mr. YY Lin, Ms. Liu and Ms. IC Lin are family members. Mr. CT Lin and Ms. Chou are the parents of Mr. YY Lin and Ms. IC Lin. Ms. Liu is the spouse of Mr. YY Lin.

As advised by the TW Agent, based on their enquiry with MOEAIC, the Subscription will be regarded as a mere increase of overseas investments by Mr. CT Lin but will not be regarded as an increase in investments in mainland China so long as the proceeds from the Subscription received by the Offeror will not be invested by it in mainland China. The Subscription is proposed for compliance with the MOEAIC regulatory requirements to lower the deemed amount of investment in mainland China per each Offeror Shareholder, and therefore should be acceptable to MOEAIC for the purpose of complying with the Investment Limit under the Approval Principles.

Offeror's funding for the Proposal not affected

The Offeror has obtained a confirmation from CTBC Bank Co., Ltd. that the granting of the facility of up to HK\$180 million to it for financing the cash required for cancellation of the Scheme Shares will not be affected by the Subscription.

On such basis, Elstone, the financial adviser to the Offeror, is satisfied that taking into account the effect of the Subscription, sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Scheme in accordance with its terms.

Consultation with the Executive on the Subscription

The Offeror has consulted the Executive who indicated that the Subscription will not affect the proceeding of the Proposal.

Expected timing for the Subscription and approval from MOEAIC

It is expected that the Subscription and the filing to the British Virgin Islands Financial Services Commission reflecting the changes in the shareholding of the Offeror will be completed within a week from the date of this announcement. Application for approval from MOEAIC on the Proposal based on the post-Subscription shareholding in the Offeror will then be made before the Scheme Document is despatched. It is expected that MOEAIC will require around four weeks to issue its approval on the Proposal. The Company and the Offeror will issue an announcement to update the Shareholders and potential investors of the Company when approval from MOEAIC on the Proposal is obtained.

Further announcement(s) will be made by the Offeror and the Company in accordance with the Listing Rules and/or the Takeovers Code (as the case may be) on the status and progress of the Proposal and the Scheme and the despatch of the Scheme Document as and when appropriate.

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, and 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.

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, 27 July 2020

As at the date of this announcement, 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 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that those expressed by the Offeror and the Offeror Concert Parties) 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.