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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)**

### **INSIDE INFORMATION APPEAL AGAINST COURT DECISION**

This announcement is made by Capxon International Electronic Company Limited ("**Company**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

Reference is made to the interim report of the Company for the six months ended 30 June 2015 ("**2015 Interim Report**"). Capitalised terms used herein shall have the same meanings as those defined in "Management Discussion and Analysis – Material Proceedings" of the 2015 Interim Report, unless otherwise specified.

#### **BACKGROUND**

As disclosed in the 2015 Interim Report, during the year ended 31 December 2011, a customer filed a request for arbitration enclosing a statement of claim against Capxon Taiwan, a non-wholly owned subsidiary of the Company, to the Arbitration Association in Japan, claiming JPY 1,412,106,000 (equivalent to approximately RMB 78,400,000) suffered by the customer with respect to certain alleged defective electrolytic capacitors supplied by Capxon Taiwan, plus interest accrued thereon from 1 January 2011 up to the settlement date at 6% per annum and all arbitration related expenses. Capxon Taiwan rejected the claims charged by the customer and filed a request for arbitration to counterclaim JPY 60,000,000 (equivalent to approximately RMB 3,331,000) from the customer for the damages caused, plus interest accrued from 17 November 2011 up to the settlement date at 6% per annum and all arbitration related expenses.

In August 2014, Capxon Taiwan received the arbitral award ("**Arbitral Award**") from the Arbitration Association which required Capxon Taiwan to compensate the customer damages in an aggregate sum of:

- (i) damages of JPY 2,427,186,647 (equivalent to approximately RMB 134,757,000);
- (ii) interest on deferred payment of (i) above and such interest is calculated at 6% per annum on (a) JPY 1,311,973,002 (equivalent to approximately RMB 72,841,000) accrued from 1 January 2011 until payment in full; (b) JPY 942,366,339 (equivalent to approximately RMB 52,320,000) accrued from 1 July 2012 until payment in full; and (c) JPY 172,847,306 (equivalent to approximately RMB 9,596,000) accrued from 1 December 2012 until payment in full; and
- (iii) arbitration related expenses of JPY 23,618,062 (equivalent to approximately RMB 1,311,000).

## **UPDATE ON THE ARBITRAL AWARD**

As disclosed in the 2015 Interim Report, Capxon Taiwan filed a petition to the Tokyo District Court in October 2014 for the annulment of the Arbitral Award.

On 22 January 2016, the Tokyo District Court issued its decision in relation to the Arbitral Award, whereby it dismissed the petition of Capxon Taiwan and upheld the Arbitration Association's decision regarding the Arbitral Award.

The board of directors of the Company ("**Board**") considered the decision of the Tokyo District Court and has decided to lodge a further appeal to the Tokyo High Court for the annulment of the Arbitral Award. Should there be any further material developments regarding the Arbitral Award, the Company will issue further announcement(s) in accordance with the Listing Rules and applicable laws as and when appropriate.

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

*This announcement contains translation of JPY to RMB at the rate of JPY 1 = RMB 0.05552 for the purpose of illustration only. The translation shall not be taken as a representation that any amount in JPY or RMB could be converted at such rate or at any other rate.*

By order of the Board  
**Lin Chin Tsun**  
Chairman

Hong Kong, 5 February 2016

*As at the date of this announcement, the Board is composed of 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. Lai Chung Ching, Mr. Lu Hong Te and Mr. Tung Chin Chuan.*