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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8278)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

The Purchaser exercised the Option on 6 October 2017 to acquire the Property located at 201 Henderson Road #09-23/24, Apex @ Henderson, Singapore 159545 from the Vendor at a Consideration of S\$3,000,000 (equivalent to approximately HK\$17,160,000 or US\$2,190,000).

As one or more of the applicable percentage ratios in respect of the Acquisition is/are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 6 October 2017, the Purchaser exercised the Option pursuant to the Option to Purchase Agreement with the Vendor in relation to the Acquisition of the Property at a Consideration of S\$3,000,000 (equivalent to approximately HK\$17,160,000 or US\$2,190,000).

Principal terms of the Option to Purchase Agreement are set out below.

THE OPTION TO PURCHASE AGREEMENT

- Parties : (1) Pip Apex Henderson Pte Ltd (as Vendor)
- (2) CMON Global Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company (as Purchaser)

Subject matter

Pursuant to the Option to Purchase Agreement, the Vendor shall sell the Property to the Purchaser or its assignee (which may be any of the subsidiaries of the Company) free from encumbrances.

The Property

The Property is located at 201 Henderson Road #09–23/24, Apex @ Henderson, Singapore 159545. The Property is a light industrial property with a gross floor area of approximately 3,409 square feet.

The Property is currently occupied by a corporate tenant pursuant to a tenancy agreement dated 15 March 2016 (the “**Tenancy Agreement**”) entered into between the Vendor and the tenant at a monthly rent of S\$5,350 (including GST). The Purchaser intends not to renew the Tenancy Agreement upon its expiry on 30 April 2018. Therefore, the Vendor agrees to indemnify the Purchaser for third party fees as may be required to be paid (such as legal fees) to ensure the clause of negotiation of renewal of the lease for a further two years from 30 April 2018 as currently incorporated in the Tenancy Agreement will not be exercised or effected, and such indemnity clause will be incorporated in the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser.

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the existing tenant of the Tenancy Agreement and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Consideration

The Consideration for the Acquisition is S\$3,000,000 (equivalent to approximately HK\$17,160,000 or US\$2,190,000), which is payable in cash.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor after taking into account the market price of similar properties of similar size, character and location.

On the basis of the above factors and considering the benefits of the Acquisition as set out in the section headed “Reasons for and benefits of the Acquisition” below, the Board considers that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of Payment

The Consideration shall be payable by the Purchaser in the following manners:

- (a) S\$30,000 (equivalent to approximately HK\$171,600 or US\$21,900) payable upon the Vendor granting the Option to the Purchaser on 29 September 2017;
- (b) an initial deposit of S\$120,000 (equivalent to approximately HK\$686,400 or US\$87,600) payable by the Purchaser upon exercising the Option; and
- (c) the remaining balance of the Consideration of S\$2,850,000 (equivalent to approximately HK\$16,302,000 or US\$2,080,500) should be satisfied in full by the Purchaser upon completion of the Acquisition.

As of the date of this announcement, S\$150,000 (equivalent to approximately HK\$858,000 or US\$109,500) has been paid by the Purchaser pursuant to the Option to Purchase Agreement.

The Board intends to finance the Consideration by the Group's internal resources and external borrowings.

Condition precedents

Completion of the Acquisition is subject to the following:

- (a) the Purchaser's solicitors receiving satisfactory replies to their legal requisitions and applications to the various Government Departments and Land Transport Authority in Singapore in relation to the Acquisition; and
- (b) where applicable, the Purchaser obtaining written approval from the Controller of Residential Property in Singapore for the Acquisition.

If the above condition (a) is not fulfilled on or before completion, the Purchaser may rescind the Acquisition at its option and in such event the Vendor shall refund all monies paid by the Purchaser without interest.

If the above condition (b) is not fulfilled on or before completion, the Purchaser shall withdraw the instruments lodged against the Property at the Singapore Land Authority after which the Vendor shall refund all monies paid by the Purchaser without interest.

Completion

Pursuant to the Option to Purchase Agreement, completion of the Acquisition shall take place within eight weeks from the date of exercising the Option by the Purchaser.

COMPLETION OF THE ACQUISITION

The completion of the Acquisition will take place on 1 December 2017, or earlier.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in design, development and sales of board games, miniature war games and other hobby products.

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in publishing and sales of tabletop hobby games in Singapore.

INFORMATION OF THE VENDOR

The Vendor is a Singapore incorporated private company and is principally engaged in investment holding.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is in the same building where the headquarters of the Group is located. The Group intends to use the Property as a retail shop, show room and play test centre for its products, which the Directors believe is effective in further strengthening the image and brand

awareness of the Group. Besides, the Directors are of the view that it is desirable for the Group to set up its first retail shop near the headquarters for easy management and administration.

After taking into account the location and size of the Property (in particular its close proximity to the Group's headquarters), the intended usage of the Property as well as the Consideration as compared with other similar properties, the Board is of the view that the Acquisition could provide a good opportunity for the Group to secure a desirable place of operation in Singapore without being affected by the fluctuations in rents and hence is beneficial to the long term development of the Group's business. The Board is of the view that the terms of the Acquisition and the Option to Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition is/are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and therefore is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Acquisition”	acquisition of the Property pursuant to the Option to Purchase Agreement
“Board”	the board of Directors
“Company”	CMON Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“connected person”	has the meaning ascribed to this term under the GEM Listing Rules
“Consideration”	S\$3,000,000, being the consideration for the Acquisition pursuant to the Option to Purchase Agreement
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“GST”	Goods and services tax in Singapore
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People's Republic of China
“Option”	the option to acquire the Property from the Vendor pursuant to the Option to Purchase Agreement

“Option to Purchase Agreement”	the option letter in relation to the sale and purchase of the Property executed by the Vendor on 29 September 2017 and countersigned by the Purchaser on 6 October 2017
“percentage ratio(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Property”	the property located at 201 Henderson Road #09–23/24, Apex @ Henderson, Singapore 159545 with a gross floor area of approximately 3,409 square feet
“Purchaser”	CMON Global Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“S\$”	Singapore dollars, the lawful currency of Republic of Singapore
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Pip Apex Henderson Pte Ltd
“%”	per cent

By Order of the Board
CMON Limited
Koh Zheng Kai
Executive Director and Joint Company Secretary

Singapore, 6 October 2017

For the purpose of this announcement, translations of Singapore dollars to Hong Kong dollars or vice versa have been calculated by using an exchange rate of S\$1.00 equal to HK\$5.72; and translations of Singapore dollars to United States dollars or vice versa have been calculated by using an exchange rate of S\$1.00 equal to US\$0.73. Such exchange rates, being the exchange rates at the material time of the Option to Purchase Agreement, have been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were, may have been or will be exchanged at such rates or any other rates or at all.

As at the date of this announcement, the executive Directors are Mr. Ng Chern Ann, Mr. David Doust and Mr. Koh Zheng Kai; the non-executive Director is Mr. Frederick Chua Oon Kian; and the independent non-executive Directors are Mr. Chong Pheng, Mr. Tan Lip-Keat and Mr. Seow Chow Loong Iain.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information

contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at <http://cmon.com>.