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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

BUSINESS UPDATE POTENTIAL LICENSING ARRANGEMENT WITH CONNECTED PERSON

This announcement is made by CMON Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Company is pleased to announce that on 1 September 2021 (after trading hours), CMON Pte. Ltd., a subsidiary of the Company, and Monsoon Digital Pte. Ltd. (“**Monsoon**”), a company incorporated in Singapore, entered into a non-legally binding memorandum of understanding (the “**MOU**”) to launch a brand new series of digital collectibles based on the Group’s proprietary artworks using Monsoon’s soon-to-launch non-fungible token (“**NFT**”) trading platform. An NFT is a unit of data on a cryptographically secured digital ledger known as a “blockchain”, on which each NFT represents a unique digital item. NFTs can represent digital files such as art, audio, videos, items in games and other forms of creative work.

Through its design of games, the Group has developed and produced proprietary artworks which are popular among its customer base. As contemplated in the MOU, the Group desires to license its intellectual properties to Monsoon (the “**Licensing Arrangement**”), which will issue NFTs using such proprietary artworks and allow such NFTs to be traded on its platform. The directors of the Company are of the view that, by licensing the Group’s proprietary artworks for the creation of digital collectibles, the Group will be able to leverage its existing assets to broaden its revenue stream and gain exposure to the burgeoning cryptocurrency market, and enhance the desirability of and brand loyalty to its self-owned games.

Pursuant to the terms of the MOU, the parties thereto will negotiate the terms of a legally binding agreement regarding the proposed Licensing Arrangement. The MOU is valid from 1 September 2021 until a legally binding agreement concerning the Licensing Arrangement is executed, or terminated by either party giving one month's written notice to the other. Save for the provisions in the MOU concerning confidentiality and dispute resolution, all other terms of the MOU are not legally binding and the entry into the MOU does not give rise to any legally binding rights or obligations in respect of the Licensing Arrangement. The actual detailed terms and conditions of the Licensing Arrangement shall be subject to the successful launch of Monsoon's NFT trading platform and entry by the parties into definitive agreement(s).

Monsoon is a blockchain-focused company, founded to create solutions for companies in the hobby, games and collectibles market, by providing an online platform on which collectors, art fans and gamers can organize, display and trade digital collectibles. Its NFT trading platform is expected to launch later in 2021. Monsoon is held as to 33% by Mr. Ng Chern Ann, who is an executive director of the Company, and is therefore a connected person under Chapter 14A of the Listing Rules.

As such, if materialized, the Licensing Arrangement shall constitute a connected transaction of the Company and may, subject to the terms to be agreed and the size of the relevant transactions, be subject to applicable reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company should note that the MOU is not legally binding and the Licensing Arrangement may or may not materialize. If the Licensing Arrangement proceeds, the Company will make further announcements as and when appropriate in accordance with the Listing Rules. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
CMON Limited
Ng Chern Ann

Chairman, Joint Chief Executive Officer and Executive Director

Singapore, 1 September 2021

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. Wong Yu Shan Eugene, Mr. Choy Man and Mr. Leung Yuk Hung Paul.