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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

MAJOR TRANSACTION DISPOSAL OF PROPERTY IN SINGAPORE

THE DISPOSAL

The Board is pleased to announce that on 20 July 2023 (after trading hours on the Stock Exchange), the Vendor entered into the Option Agreement with and granted the Option to the Purchaser, pursuant to which the Vendor has agreed to sell the Property at the Consideration of S\$3,025,000 to the Purchaser if the Purchaser exercises her Option to purchase the Property within the stipulated time.

LISTING RULES IMPLICATIONS

Rule 14.73 of the Listing Rules states that the grant, acquisition, transfer or exercise of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratios. Rule 14.74 of the Listing Rules states that on the grant of the option (the exercise of which is not at the listed issuer's discretion), the transaction will be classified as if the option had been exercised, and upon the actual exercise of such option, such exercise shall be disclosed by way of an additional announcement.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but all of them are under 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates has a material interest in the Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene an extraordinary general meeting to approve the Disposal. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting to approve the Disposal. The Company has obtained the written approval for the Disposal from a closely allied group of Shareholders comprising Cangsome Limited, Dakkon Holdings Limited, Magumaki Limited and Mr. David Preti, who are collectively beneficially interested in an aggregate of 982,391,154 Shares, which represents approximately 54.40% of issued Shares as at the date of this announcement. As such no general meeting will be convened for the purpose of approving the Disposal pursuant to Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company expects to dispatch a circular containing further details of the Disposal, the financial information of the Group, an independent property valuation report and any other information required under the Listing Rules on or before 10 August 2023.

INTRODUCTION

The Board is please to announce that on 20 July 2023 (after trading hours on the Stock Exchange), the Vendor entered into the Option Agreement with the Purchaser. Under the Option Agreement, the Vendor shall sell the Property at the Consideration of S\$3,025,000 to the Purchaser if the Purchaser exercises her Option to purchase the Property within the stipulated time.

PRINCIPAL TERMS OF THE OPTION AGREEMENT

A summary of the principal terms of the Option Agreement are as follows:

Date : 20 July 2023

Parties : (i) CMON Global Limited (as Vendor)
(ii) Maria Hartati (as Purchaser)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Subject Matter : The sale of the Property, details of which are set out in the paragraph headed “The Property” in this announcement.

Expiry date of the Option to Purchase : The Option is exercisable by the Purchaser until 4:00 p.m. on 4 August 2023, after which the Option shall expire.

Consideration : S\$3,025,000

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to the current market values of comparable properties in the vicinity, the preliminary valuation of the Property indicated by an independent property valuer and prevailing market conditions.

Payment terms : (i) S\$30,250, being the Option fee of 1% of the Consideration, was settled in cash on 20 July 2023. If the Option is exercised, such Option fee shall be treated as partial payment towards the Consideration. If the Option is not exercised, such Option fee will be forfeited to the Vendor;

(ii) S\$121,000, representing 4% of the Consideration, will be paid by the Purchaser as deposit upon exercise of the Option; and

(iii) the balance of S\$2,873,750 will be settled in cash upon Completion.

Completion : The Disposal shall be completed on or before the close of business on 13 October 2023.

THE PROPERTY

The Property is located at 201 Henderson Road #09-23/24, Apex @ Henderson, Singapore 159545. As at the date of this announcement, the Vendor is the legal and beneficial owner of the Property, which had been used as part of the Group's offices and storage. The Property has only been used by the Group itself and thus no net profits, whether before or after taxation, were attributable to the Property in the two preceding financial years. The Property will be delivered vacant upon Completion.

FINANCIAL EFFECTS OF THE DISPOSAL AND THE USE OF PROCEEDS

The net proceeds arising from the Disposal are approximately S\$2.96 million (after deducting expenses in relation to the Disposal) and will be used for the repayment of the mortgage on the Property. The remaining balance will be applied to the further development of games as part of the Group's business.

The audited carrying value of the Property as at 31 December 2022 was approximately S\$2.26 million and the unaudited carrying value of the Property was approximately S\$2.23 million as at 30 June 2023. The Group is expected to record a gain on the Disposal of approximately S\$0.7 million, which is calculated based on the Consideration received by the Group for the Disposal less the audited carrying value of the Property as at 31 December 2022.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property is currently not in use by the Group. The Group acquired the Property for S\$3,000,000 on 1 December 2017. The unaudited carrying value of the Property was approximately S\$2.23 million as at 30 June 2023.

The Directors believe that the Disposal represents a good opportunity for the Company to realize the value of the Property at a reasonable price and the proceeds from the Disposal will improve the financial position and increase the general working capital of the Group.

The terms of the Option Agreement were arrived at by the Vendor and the Purchaser after arm's length negotiations and pursuant to market standards for commercial real estate transactions in Singapore. The Directors, including the independent non-executive Directors, consider that the terms of the Option Agreement are on normal commercial terms and fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDOR AND THE GROUP

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

The Vendor, an indirect wholly-owned subsidiary of the Company, is principally engaged in the business of publishing and sales of tabletop hobby games, and holds the Property.

INFORMATION OF THE PURCHASER

The Purchaser is an individual. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is an Independent Third Party.

LISTING RULES IMPLICATIONS

Rule 14.73 of the Listing Rules states that the grant, acquisition, transfer or exercise of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratios. Rule 14.74 of the Listing Rules states that on the grant of the option (the exercise of which is not at the listed issuer's discretion), the transaction will be classified as if the option had been exercised, and upon the actual exercise of such option, such exercise shall be disclosed by way of an additional announcement.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but all of them are under 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates has a material interest in the Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene an extraordinary general meeting to approve the Disposal.

Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting to approve the Disposal. The Company has obtained the written approval for the Disposal from a closely allied group of Shareholders comprising Cangsome Limited, Dakkon Holdings Limited, Magumaki Limited and Mr. David Preti, who are respectively beneficially interested in 435,124,039 Shares, 261,074,424 Shares, 112,143,076 Shares and 174,049,615 Shares, and collectively beneficially interested in an aggregate of 982,391,154 Shares, which represents approximately 54.40% of issued Shares as at the date of this announcement. Mr. Ng Chern Ann, Mr. David Doust and Mr. David Preti are the executive Directors. Mr. Ng Chern Ann and Mr. David Doust respectively wholly own Cangsome Limited and Dakkon Holdings Limited, and had entered into a confirmatory letter dated 15 July 2015 pursuant to which they confirmed they shall continue to act in concert in exercising their voting rights over any company in the Group. Mr. David Preti wholly owns Magumaki Limited. As such, no general meeting will be convened for the purpose of approving the Disposal pursuant to Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company expects to dispatch a circular containing further details of the Disposal, the financial information of the Group, an independent property valuation report and any other information required under the Listing Rules on or before 10 August 2023.

Completion of the Disposal is, for clarity, subject to the exercise of the Option by the Purchaser and Completion of the Disposal may or may not proceed. Shareholders and investors should exercise caution in dealing with the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“Board”	the board of Directors
“Company”	CMON Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, with its Shares listed on the main board of the Stock Exchange
“Completion”	the completion of the Disposal pursuant to the terms of the Option Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	S\$3,025,000, being the total consideration payable by the Purchaser to the Vendor in respect of the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Option Agreement
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) who/which is/are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option”	the option to purchase the Property pursuant to the terms and conditions of the Option Agreement
“Option Agreement”	the agreement dated 20 July 2023 entered into between the Vendor and the Purchasers in relation to the grant and exercise of the Option

“Property”	the property situated at 201 Henderson Road #09–23/24, Apex @ Henderson, Singapore 159545
“Purchaser”	Ms. Maria Hartati, an Independent Third Party
“S\$”	Singapore dollars, the lawful currency of Singapore
“Share(s)”	ordinary share(s) with nominal value of HK\$0.00005 each in the share capital of our Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	CMON Global Limited, a private company limited by shares incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board
CMON Limited
Ng Chern Ann
Chairman, Joint Chief Executive Officer and Executive Director

Singapore, 20 July 2023

As at the date of this announcement, the executive Directors are Mr. Ng Chern Ann, Mr. David Doust, Mr. David Preti 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.