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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE

On 13 April 2024, the Company entered into Subscription Agreement A with Subscriber A, pursuant to which Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 180,600,000 Subscription Shares (“**Subscription Shares A**”) at the Subscription Price of HK\$0.030 per Subscription Share (“**Subscription A**”).

Subscription Shares A represent approximately 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

On the same date, the Company entered into Subscription Agreement B with Subscriber B, pursuant to which Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 180,600,000 Subscription Shares (“**Subscription Shares B**”) at the Subscription Price of HK\$0.030 per Subscription Share (“**Subscription B**”).

Subscription Shares B represent approximately 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

The Subscription Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares.

The Subscription Price of HK\$0.030 per Subscription Share represents (i) a discount of approximately 11.76% to the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on 12 April 2024, being the latest trading day immediately before the date of the Subscription Agreements; and (ii) a discount of approximately 3.85% to the average closing price of approximately HK\$0.0312 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 12 April 2024, being the trading day immediately preceding the date of the Subscription Agreements.

The aggregate gross proceeds of the Subscriptions will be approximately HK\$10.8 million. The aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, will be approximately HK\$10.4 million, representing a net issue price of approximately HK\$0.029 per Subscription Share. The Company intends to apply the net proceeds of the Subscriptions in the manner set out in the paragraph headed “Reasons for the Subscriptions and use of proceeds” of this announcement.

Application will be made to the Listing Committee for listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Completion of each of the Subscriptions is subject to the fulfillment of the conditions precedent under the respective Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 13 April 2024, the Company entered into Subscription Agreement A with Subscriber A, pursuant to which Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 180,600,000 Subscription Shares at the Subscription Price of HK\$0.030 per Subscription Share.

On the same date, the Company entered into Subscription Agreement B with Subscriber B, pursuant to which Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 180,600,000 Subscription Shares at the Subscription Price of HK\$0.030 per Subscription Share.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Subscription Agreement A

Date:	13 April 2024
Parties:	(1) the Company as issuer; (2) Subscriber A as subscriber
Subscription shares:	180,600,000 shares
Subscription price:	HK\$0.030 each
Consideration payable:	HK\$5,418,000

Subscription Agreement B

Date:	13 April 2024
Parties:	(1) the Company as issuer; (2) Subscriber B as subscriber
Subscription shares:	180,600,000 shares
Subscription price:	HK\$0.030 each
Consideration payable:	HK\$5,418,000

Information of the Subscribers

Subscriber A, DRUM GROUP LIMITED, is a limited company incorporated in Hong Kong under the Companies Ordinance. Mr. CHEN Fen is the sole shareholder and director of the Subscriber, who is mainly engaged in the driving school business in the People's Republic of China.

Subscriber B, MANA POOL INVESTMENTS LIMITED, is a limited company incorporated in Hong Kong under the Companies Ordinance. Mr. CHEN Song is the sole shareholder and director of the Subscriber, who is mainly engaged in the investments business in the People's Republic of China.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, both of the Subscribers are third parties independent of the Company and its connected persons and both of the Subscribers are not connected persons with each other. It is expected that neither of the Subscribers will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately upon Completion of the respective Subscription.

The Subscription Shares

Subscriber A has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 180,600,000 Subscription Shares representing approximately 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

Subscriber B has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 180,600,000 Subscription Shares representing approximately 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

Subscription Price

The Subscription Price is HK\$0.030 per Subscription Share. The aggregate nominal value of the 361,200,000 Subscription Shares is HK\$18,060.

The Subscription Price represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on 12 April 2024, being latest trading day immediately before the date of the Subscription Agreements; and
- (ii) a discount of approximately 3.85% to the average closing price of approximately HK\$0.0312 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 13 April 2024, being the trading day immediately preceding the date of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$0.029 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers, with reference to the recent trading price and trading volume of the Shares. The Directors consider that the terms and conditions of each of the Subscription Agreements (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price in the sum of HK\$5,418,000 under each Subscription Agreement, and HK\$10,836,000 in total will be payable by the respective Subscriber on the respective Completion Date.

Conditions of the Subscription Agreements

Completion of either Subscription is conditional upon

- (a) the related Subscription Agreement being duly executed by the Company and the respective Subscriber;
- (b) the listing of and permission to deal in the subject Subscription Shares on the Main Board being granted by the Stock Exchange (whether such grant is conditional or not); and
- (c) the aggregate Subscription Price in the sum of HK\$5,418,000 under this Subscription Agreement being fully paid by the Subscriber.

If the condition as set out in the above is not fulfilled on or before 27 May 2024, the obligations and liabilities of the related Subscriber and the Company under the respective Subscription Agreement shall cease and terminate, and this Subscriber and the Company shall be released from all rights and obligations save for any antecedent breach thereof.

Completion of the Subscriptions

Under either Subscription Agreement, Completion of the Subscription of the subject Subscription Shares will take place on the respective Completion Date.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 361,200,000 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of all the Subscription Shares. As such, the issue of the Subscription Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to 100% upon the allotment and issue of all the Subscription Shares.

Ranking and application for listing

The Subscription Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of completion of the Subscriptions. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

CHANGES TO THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company immediately before and immediately after completion of the Subscriptions are set out as follows:

Name of Shareholders	Capacity/ Nature of Interest	Immediately before completion of the Subscription		Immediately after completion of the Subscription	
		No. of shares	% of shareholding (approximately)	No. of shares	% of shareholding (approximately)
Ng Chern Ann ("Mr. Ng")	Beneficial owner	450,624,039	24.95%	450,624,039	20.79%
David Doust ("Mr. Doust")	Interests in controlled corporations/ beneficial owner (Note 1)	276,574,424	15.31%	276,574,424	12.76%
Cangsome Limited	Beneficial owner (Note 1)	450,624,039	24.95%	450,624,039	20.79%
Dakkon Holdings Limited	Beneficial owner (Note 1)	276,574,424	15.31%	276,574,424	12.76%
Frederick Chua Oon Kian ("Mr. Chua")	Interests in controlled corporations/ beneficial owner (Note 2)	243,339,232	13.47%	243,339,232	11.23%
Magic Carpet Pre-IPO Fund ("Magic Carpet")	Beneficial owner (Note 2)	237,759,232	13.16%	237,759,232	10.97%
Quantum Asset Management Pte. Ltd. ("Quantum Asset")	Interests in controlled corporations (Note 2)	237,759,232	13.16%	237,759,232	10.97%
David Preti ("Mr. Preti")	Beneficial owner	301,692,691	16.71%	301,692,691	13.92%
DP SPV	Beneficial owner (Note 3)	112,143,076	6.21%	112,143,076	5.17%
Subscriber A	Beneficial owner	—	—	180,600,000	8.33%
Subscriber B	Beneficial owner	—	—	180,600,000	8.33%
Other Public Shareholders	Beneficial owners	533,769,614	29.56%	533,769,614	24.63%
Total shares		<u>1,806,000,000</u>	<u>100.00%</u>	<u>2,167,200,000</u>	<u>100.00%</u>

Note: Certain figures may not add up due to rounding.

Notes:

- (1) The issued share capital of Cangsome Limited (“CA SPV”) is wholly-owned by Mr. Ng. CA SPV is beneficially interested in 435,124,039 Shares whereas Mr. Ng is beneficially interested in 15,500,000 share options of the Company (the “Share Options”). The issued share capital of Dakkon Holdings Limited (“DD SPV”) is wholly-owned by Mr. Doust. DD SPV is beneficially interested in 261,074,424 shares whereas Mr. Doust is beneficially interested in 15,500,000 Share Options.
- (2) Magic Carpet is a private equity investment fund managed by Quantum Asset on a discretionary basis. Quantum Asset holds the only issued ordinary share of Magic Carpet and the preference shares in the capital of Magic Carpet are held by investors. Mr. Chua, a non-executive Director, beneficially owns approximately 99.99% of the issued share capital of Quantum Asset and is therefore deemed to be interested in the Shares held by Quantum Asset by virtue of the SFO. Mr. Chua is a director of Magic Carpet and is beneficially interested in 5,580,000 share options of the Company.
- (3) The issued share capital of DP SPV is wholly-owned by Mr. Preti. Therefore, Mr. Preti is deemed to be interested in the shares held by DP SPV by virtue of the SFO.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is are a hobby games publisher specialising in developing and publishing mainly tabletop games (including board games and miniature war games), and also started developing and launching mobile games since 2015. Apart from publishing self-owned games and licensed games, the Group also distributes third-party tabletop games.

The Directors consider that the Subscriptions will enlarge the shareholder and capital base of the Company and also increase the overall liquidity of the Shares and strengthen the financial position of the Group. The Directors consider that the terms and conditions of the Subscription Agreements are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds of the Subscriptions will be approximately HK\$10.8 million and the aggregate net proceeds of the Subscription, after the deduction of the related expenses, are estimated to be approximately HK\$10.4 million, representing a net issue price of approximately HK\$0.029 per Subscription Share. The Company intends to use the net proceeds from the Subscriptions for its general working capital.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

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| “AGM” | the annual general meeting of the Company held on 23 May 2023 |
| “Board” | the Board of the Directors |

“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong and the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (if applicable)
“Company”	CMON Limited (Stock Code: 1792), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the related Subscription Agreements
“Completion Date”	the date on which all the Conditions as set out in a Subscription Agreement are satisfied in full being the date on which Completion occurs in accordance with the terms and conditions of this Subscription Agreement
“Conditions”	the conditions precedent for the Completion as set out in a Subscription Agreement
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM, pursuant to which a maximum of 361,200,000 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	party who is independent of, and not connected with the Directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board stock market operated by the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.00005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber A”	DRUM GROUP LIMITED, a company incorporated in Hong Kong under the Companies Ordinance, and wholly owned by Mr. CHEN Fen, an Independent Third Party.
“Subscriber B”	MANA POOL INVESTMENTS LIMITED, a company incorporated in Hong Kong under the Companies Ordinance, and wholly owned by Mr. CHEN Song, an Independent Third Party.
“Subscriber(s)”	Subscriber A and/or Subscriber B
“Subscription(s)”	the subscription by Subscriber A for, and the allotment and issue by the Company of, the Subscription Shares A under the terms and subject to the conditions of the Subscription Agreement A; and/or the subscription by Subscriber B for, and the allotment and issue by the Company of, the Subscription Shares B under the terms and subject to the conditions of the Subscription Agreement B
“Subscription Agreement A”	the share subscription agreement entered into between the Company and Subscriber A dated 13 April 2024 in relation to the Subscription by Subscriber A
“Subscription Agreement B”	the share subscription agreement entered into between the Company and Subscriber B dated 13 April 2024 in relation to the Subscription by Subscriber B
“Subscription Agreement(s)”	Subscription Agreement A and/or Subscription Agreement B

“Subscription Price”	HK\$0.030 per Subscription Share
“Subscription Shares”	Subscription Shares A and Subscription Shares B
“Subscription Shares A”	180,600,000 new Shares to be subscribed by Subscriber A pursuant to Subscription Agreement A
“Subscription Shares B”	180,600,000 new Shares to be subscribed by Subscriber B pursuant to Subscription Agreement B
“subsidiary(ies)”	subsidiary(ies) of the Company
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

Completion of each of the Subscriptions is subject to the fulfillment of the conditions precedent under the respective Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 13 April 2024

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.