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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

QUARTERLY UPDATE ANNOUNCEMENT ON THE RESUMPTION PROGRESS

This announcement is made by CMON Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (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).

References are made to (i) the announcements of the Company dated 26 March 2020, 27 March 2020 and 1 April 2020 in relation to, among other matters, the delay in publication of annual results and possible delay in dispatch of annual report for the year ended 31 December 2019 and suspension of trading; (ii) the announcement of the Company dated 15 June 2020 in relation to, among other matters, the Company’s intention to form an independent investigation committee and commission an independent investigation; and (iii) the announcement of the Company dated 23 June 2020 in relation to the guidance received from the Stock Exchange regarding the resumption of trading of the Company’s shares on the Stock Exchange.

Capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 26 March 2020 unless otherwise defined herein.

This announcement sets out (i) the business operations of the Group, (ii) the Company’s resumption plan and proposed timetable in respect thereof and (iii) the progress of implementing such resumption plan as at the date hereof.

BUSINESS OPERATIONS

The Group is a hobby games publisher specialising in developing and publishing mainly tabletop games (including board games and miniature war games). The Group has also developed and launched mobile games since 2015. In 2018, the Group launched its first computer game.

The Group publishes both self-owned games and licensed games, as well as distributes third party games. The Group sells its games mainly through Kickstarter and to wholesalers. The Group also sells directly to end users through its own online store and at game conventions.

As at the date of this announcement, the Group offered a total of 93 games, comprising 87 board games, three miniature war games, two mobile games and one computer game.

As a result of the coronavirus (COVID-19) pandemic (the “**Pandemic**”), the sales of our tabletop games has recorded a year-on-year decline in the first quarter of 2020. The Board will continue to assess the impact of the Pandemic on the operations and performance of the Group, and will take appropriate measures as necessary and make further announcements as and when appropriate.

RESUMPTION GUIDANCE

As disclosed in the announcement of the Company dated 23 June 2020, the Company has been notified by the Stock Exchange of the following resumption guidance (the “**Resumption Guidance**”) for the Company:

- (i) conduct an appropriate investigation into the Audit Issues raised by the Company’s auditors, announce the findings and take appropriate remedial actions;
- (ii) publish all outstanding financial results and address any audit modifications; and
- (iii) announce all material information for the Company’s shareholders and other investors to appraise the Company’s position.

The Audit Issues are in relation to: (i) a distribution agreement with transaction value of approximately US\$1.5 million (the “**Distribution Agreement**”), (ii) the rationale and substance of the significant increase in the prepayment balance as at 31 December 2019, and (iii) other information as required by the auditors for their audit procedures on certain audit issues including going concern.

UPDATE ON RESUMPTION PROGRESS

(i) Formation of an independent investigation committee and appointing an independent investigator

In consideration of the Resumption Guidance and as indicated in the Company's announcement dated 15 June 2020, the Company will convene a meeting of the Board within the next two weeks to resolve, among other matters, the formation of an independent investigation committee comprising all members of the audit committee of the Board (the "**Investigation Committee**"), which will commission an independent professional party to conduct an independent investigation (the "**Investigation**") on the relevant matters arising in connection with the Distribution Agreement, and to produce a report in relation thereto together with any internal control recommendations as they may consider appropriate.

(ii) Audit progress in respect of the 2019 Annual Results

As a consequence of the Audit Issues, the Company has not published the 2019 Annual Results as at the date hereof and the audit procedures remain ongoing.

As the Distribution Agreement is made with an American distribution company and governed by the laws of Minnesota of the United States of America ("**USA**"), the Company has also retained legal counsel in the USA to provide legal advice in connection with the Distribution Agreement.

The Company continues to seek supporting information and documentation in respect of the other Audit Issues as well and will continue to communicate and cooperate with its auditors to complete their audit work in connection with the 2019 Annual Results.

The publication of the 2019 Annual Results will also be subject to the conclusion and findings of the Investigation.

As a result of the Pandemic and the associated travel and work restrictions imposed, the resolution of the Audit Issues in connection with the 2019 Annual Results has been affected. Accordingly, the Company expects that additional time would be required as a result for the conduct of the Investigation and the audit of the 2019 Annual Results.

UPDATE ON THE TIMELINE FOR THE FULFILLMENT OF THE RESUMPTION CONDITIONS

The following table sets forth the pending events and expected timetable for resumption of trading of the shares in the Company:

Action	Timetable
Formation of the Investigation Committee	In or around early July 2020
Appointment of an independent professional party to conduct the Investigation and produce a report of findings (with internal control recommendations) to the Investigation Committee	In or around early July 2020
Announcement by the Company of the findings of the Investigation	Subject to further assessment by the Board
Publication of 2019 Annual Results	Subject to further assessment by the Board
Publication of the annual report of the Company for the year ended 31 December 2019	Subject to further assessment by the Board
Resumption of trading in the shares of the Company	Subject to further assessment by the Board and the approval by the Stock Exchange

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2020 and will continue to be suspended until the Company fulfills the Resumption Guidance. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

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, 30 June 2020

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. Wong Yu Shan Eugene and Mr. Choy Man.