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*This announcement, for which the directors (the "**Director(s)**") of CMON Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (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.*

CMON LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8278)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

ANNUAL RESULTS HIGHLIGHTS

- The revenue increased by approximately US$3.8 million, or approximately 22.1% from approximately US$17.2 million for the year ended 31 December 2015 to approximately US$21.0 million for the year ended 31 December 2016.

- Gross profit increased by approximately US$1.9 million, or approximately 21.6% from approximately US$8.8 million for the year ended 31 December 2015 to approximately US$10.7 million for the year ended 31 December 2016. The gross profit margin was approximately 51.1% in 2016.

- Profit and total comprehensive income for the year attributable to equity holders of the Company decreased by approximately US$0.8 million, or approximately 44.4% from approximately US$1.8 million for the year ended 31 December 2015 to approximately US$1.0 million for the year ended 31 December 2016. Earnings per share for profit attributable to equity holders of the Company during the year ended 31 December 2016 was approximately US$0.0007.

- As at 31 December 2016, cash and cash equivalents were approximately US$6.6 million and the gearing ratio, calculated as total liabilities divided by total assets, dropped to approximately 35.1%. For the year ended 31 December 2016, we achieved positive operating cash flow.

- As at 31 December 2016, we had offered a total of 43 games, comprising 39 board games, three miniature war games and one mobile game.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**" or "**We**") for the year ended 31 December 2016 together with the comparative figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	**2016** *US$*	2015 *US$*
Revenue	3, 6	**20,964,135**	17,185,355
Cost of sales	7	**(10,259,875)**	(8,377,238)
Gross profit		**10,704,260**	8,808,117
Other income		**219,602**	57,330
Selling and distribution expenses	7	**(2,317,478)**	(1,710,562)
General and administrative expenses			
— Professional service fees in respect of listing preparation	7	**(3,052,277)**	(2,011,190)
— Others	7	**(3,676,329)**	(2,474,611)
		(6,728,606)	(4,485,801)
Profit before income tax		**1,877,778**	2,669,084
Income tax expense	8	**(860,158)**	(842,989)
Profit and total comprehensive income for the year attributable to equity holders of the Company		**1,017,620**	1,826,095
Earnings per share for profit attributable to equity holders of the Company during the year			
Basic and diluted	10	**0.0007**	0.0013

CONSOLIDATED BALANCE SHEETS

As at 31 December 2016

	Note	2016 US$	2015 US$
ASSETS			
Non-current assets			
Property, plant and equipment		**3,787,396**	2,754,108
Intangible assets		**7,576,596**	5,747,175
Deferred income tax assets		**—**	13,311
		11,363,992	8,514,594
Current assets			
Inventories		**3,660,247**	2,304,335
Trade receivables	4	**2,192,927**	785,888
Prepayments and deposits		**1,896,905**	2,028,400
Amount due from a shareholder		**—**	4,716
Amount due from a related company		**—**	266,459
Income tax recoverable		**32,000**	32,000
Cash and cash equivalents		**6,612,768**	2,628,967
		14,394,847	8,050,765
Total assets		**25,758,839**	16,565,359
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**11,700**	9,700
Share premium		**12,384,133**	5,290,300
Retained earnings		**3,528,811**	2,511,191
Capital reserves		**780,499**	780,499
Total equity		**16,705,143**	8,591,690

	Note	2016 US$	2015 US$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**265,722**	138,625
		265,722	138,625
Current liabilities			
Trade payables	5	**1,062,005**	545,059
Accruals and other payables		**1,173,549**	1,289,521
Amount due to ultimate holding company		**3**	112,501
Income tax payable		**2,043,195**	1,423,455
Deferred revenue		**4,509,222**	4,464,508
		8,787,974	7,835,044
Total liabilities		**9,053,696**	7,973,669
Total equity and liabilities		**25,758,839**	16,565,359

NOTES:

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 16 June 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Singapore.

The Company is an investment holding company. The Group is principally engaged in design, development and sales of board games, miniatures and other hobby products (the "**Business**"). The Group has operations in Singapore and the United States of America ("**USA**" or "**United States**").

The Company was listed on 2 December 2016 on the GEM of the Stock Exchange.

These financial statements are presented in United States dollars ("**US$**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**") under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following standards that are relevant to the Group for the first time for the financial year beginning on or after 1 January 2016:

IAS 1 (Amendment)	Disclosure initiative
IAS 16 and IAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation
IAS 16 and IAS 41 (Amendment)	Agriculture: bearer plants
IAS 27 (Amendment)	Equity method in separate financial statements
IFRS 10, IFRS 12 and IAS 28 (Amendment)	Investment entities: applying the consolidation exception
IFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
IFRS 14	Regulatory deferral accounts
Annual Improvements Project	Annual improvements 2012–2014 cycle

The adoption of the above amendments and interpretations to standards has no significant impact on the results and financial position of the Group.

The following are new standards and amendments to existing standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2017, but have not been early adopted by the Group:

		Effective for annual periods beginning on or after
IAS 7 (Amendment)	Statement of cash flows: disclosure initiative	1 January 2017
IAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 10 and IAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	A date to be determined
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

IAS 7 (Amendment) "Statement of cash flows: disclosure initiative" has been issued by IASB introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's disclosure initiative, which continues to explore how financial statement disclosure can be improved. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2017.

IAS 12 (Amendment) "Recognition of deferred tax assets for unrealised losses" has been issued by IASB on the recognition of deferred tax assets for unrealised losses which clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2017.

IFRS 2 (Amendment) "Classification and measurement of share-based payment transactions" has been issued by IASB. These amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modification from cash-settled awards to equity-settled awards. It also introduces an exception to the principles in IFRS 2 that requires an award to be treated as if it is wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2018.

IFRS 9 "Financial instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

During the years ended 31 December 2016 and 2015, all of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former, the implementation of IFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

IFRS 10 and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associate or joint venture" has been issued by IASB. The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The new standard is not expected to be applied by the Group until the effective date is determined.

IFRS 15 "Revenue from contracts with customers" — This new standard replaces the previous revenue standards: IAS 18 "Revenue" and IAS 11 "Construction contracts", and the related interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has two major revenue streams, namely the sales of products and provision of shipping services, the performance obligations of which are substantially completed at the same point of time as the respective revenue from these two revenue streams is currently recognised in accordance with the Group's accounting policies on revenue recognition. Management has performed a preliminary assessment and expects that the implementation of the IFRS 15 would not result in any significant impact on the Group's financial position and results of operations. Meanwhile, there will be additional disclosure requirements under IFRS 15 upon its adoption.

IFRS 16 "Leases" — The Group is a lessee of its offices and warehouses which are currently classified as operating leases. The Group's future operating lease commitments, which are not reflected in the consolidated balance sheets, are set out in Note 11 below. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the balance sheets. Instead, all long-term leases must be recognised in the balance sheets in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In profit or loss, rental expenses will be replaced with depreciation and interest expense. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2019.

3 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's principal activity is the design, development and sales of board games, miniatures and other hobby products, and it has only one operating segment.

During the year, revenue is earned from customers located in the following geographic areas:

	2016	2015
	US$	*US$*
North America	**11,546,173**	8,322,373
Europe	**7,829,071**	7,413,299
Oceania	**794,214**	896,926
Asia	**626,047**	336,074
South America	**152,212**	191,683
Africa	**16,418**	25,000
	20,964,135	17,185,355

No individual customers of the Group contributed more than 10% of the Group's revenue during the years ended 31 December 2016 and 2015.

At 31 December 2016 and 2015, the total non-current assets other than intangible assets and deferred income tax assets located in the USA were US$2,015,950 and US$1,328,692, respectively, and the total non-current assets other than intangible assets and deferred income tax assets located in other locations (mainly in Mainland China) were US$1,771,446 and US$1,425,416, respectively.

4 TRADE RECEIVABLES

	2016	2015
	US$	*US$*
Trade receivables	**2,192,927**	785,888

The Group's trade receivables are primarily due from its wholesale customers and are all denominated in US$.

During the years ended 31 December 2016 and 2015, the Group granted credit terms of 0 to 30 days to its customers.

At 31 December 2016 and 2015, the ageing analysis of trade receivables by the date on which the respective sales invoices were issued is as follows:

	2016	2015
	US$	*US$*
Less than 30 days	**1,119,414**	544,727
30 days to 90 days	**675,841**	105,559
91 days to 180 days	**297,736**	114,459
Over 180 days	**99,936**	21,143
	2,192,927	785,888

As of 31 December 2016 and 2015, trade receivables of US$1,073,513 and US$241,141, respectively, were past due but not impaired. These relate to a number of independent customers with no history of default. The ageing analysis of these trade receivables by the days of overdue repayment is as follows:

	2016	2015
	US$	*US$*
Less than 30 days	**354,242**	75,652
30 days to 90 days	**619,335**	144,346
More than 90 days	**99,936**	21,143
	1,073,513	241,141

As at 31 December 2016 and 2015, there were no trade receivables which were past due and impaired and no collaterals have been received from customers.

5 TRADE PAYABLES

Payment terms with majority of the suppliers are on open account. Certain suppliers grant credit period ranging from 7 to 60 days.

An ageing analysis of trade payables as at the balance sheet dates based on invoice dates is as follows:

	2016	2015
	US$	*US$*
Less than 60 days	**913,385**	447,812
60 days to 120 days	**148,620**	97,247
	1,062,005	545,059

The carrying amounts approximate their fair value due to their short-term maturities.

Trade payables are denominated in the following currencies:

	2016	2015
	US$	*US$*
US$	**1,049,037**	523,595
Euro	**12,968**	21,464
	1,062,005	545,059

6 REVENUE

	2016	2015
	US$	*US$*
Sales of products	**18,517,094**	15,118,786
Shipping income in connection with sale of products	**2,252,877**	1,910,836
Forfeiture revenue	**194,164**	155,733
	20,964,135	17,185,355

7 EXPENSES BY NATURE

Included in cost of sales, selling and distribution expenses and general and administrative expenses are the following:

	2016	2015
	US$	*US$*
Cost of inventories	**7,213,575**	5,492,911
Shipping and handling charges	**2,544,873**	2,194,229
Employee benefit expenses	**2,320,733**	1,746,774
Professional service fees in respect of listing preparation	**3,052,277**	2,011,190
Auditor's remuneration		
— Audit services	**209,000**	—
— Non-audit services	**48,000**	—
Other professional fees	**82,477**	82,356
Merchant account fees	**685,704**	923,733
Royalty expenses	**57,038**	134,484
Marketing expenses	**392,887**	205,298
Depreciation	**696,330**	445,916
Amortisation	**566,860**	378,395
Games development expenses	**97,740**	357,599
Website maintenance fees	**197,893**	107,364
Operating lease rentals	**155,765**	89,936
Travelling expenses	**482,686**	199,420
Other expenses	**502,121**	203,996
	19,305,959	14,573,601

Cost of sales comprises principally cost of inventories, shipping and handling charges of US$2,046,461 and US$2,194,229, depreciation of US$480,398 and US$323,809, amortisation of US$509,441 and US$360,289, and other expenses of US$10,000 and US$6,000 for the years ended 31 December 2016 and 2015, respectively.

Merchant account fees include fees charged by payment services providers, credit card companies and an internet based crowd funding platform upon remittance of the relevant funding.

8 INCOME TAX EXPENSE

The Group is exempted from taxation in the Cayman Islands and the British Virgin Islands. The companies comprising the Group are subject to USA corporate tax at the rate of 34% and Singapore corporate income tax at the rate of 17%.

	2016	2015
	US$	*US$*
Current income tax	**856,668**	796,646
Deferred income tax	**140,408**	107,957
	997,076	904,603
Overprovision of tax in prior year		
— Current income tax	**(136,918)**	(61,614)
	860,158	842,989

9 DIVIDENDS

Dividend declared in January 2015 of US$1,100,000 (US$0.0008 per share) represented dividend for the year ended 31 December 2014 by a company now comprising the Group to the equity holders, the amount of which was paid in January 2015. The dividend per share is calculated based on 1,353,303,571 ordinary shares assumed to be in issue as at 31 December 2014, taken into consideration the effect of the reorganisation took place on 15 July 2015 and the share subdivision took place on 31 October 2016.

The dividend declared in October 2015 was US$500,000 (US$0.0004 per share) of which US$387,500 was paid in October 2015. The remaining balance of US$112,500 was paid in May 2016. The dividend per share is calculated based on 1,420,824,119 ordinary shares assumed to be in issue as at 31 December 2015, and had taken into consideration the effect of the reorganisation took place on 15 July 2015 and the share subdivision took place on 31 October 2016.

10 EARNINGS PER SHARE

For the purpose of computing basic and diluted earnings per share, 1,353,303,571 ordinary shares were assumed to have been issued on 1 January 2014 as if the Company has been incorporated by then, taking into account the ordinary shares attributable to the debts payable to CMoN Holdings Limited totalling US$5,300,000 capitalised on 16 July 2015 and the effect of the Group's reorganisation. Basic earnings per share are calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	2016	2015
Profit attributable to equity holders of the Company *(US$)*	**1,017,620**	1,826,095
Weighted average number of ordinary shares in issue	**1,524,312,329**	1,420,824,119
Basic earnings per share *(US$)*	**0.0007**	0.0013

The weighted average number of ordinary shares outstanding were adjusted for the effect of the sub-division of 1 ordinary share into 2 ordinary shares on 31 October 2016 as if the event had occurred at the beginning of both financial years presented.

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2016 and 2015.

11 OPERATING LEASE COMMITMENTS

As at 31 December 2016 and 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2016	2015
	US$	*US$*
No later than 1 year	**422,792**	417,600
Later than 1 year and no later than 5 years	**1,217,746**	1,640,538
	1,640,538	2,058,138

12 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2016 and 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business model and business overview

We are a hobby games publisher specialising in developing and publishing mainly tabletop games (including board games and miniature war games). We also launch mobile games.

We publish both self-owned games and licensed games. We also distribute third party tabletop games. We sell our tabletop games mainly through Kickstarter and to wholesalers. We also sell directly to end-users through our own online store and at game conventions.

As at 31 December 2016, we had offered a total of 43 games, comprising 39 board games, three miniature war games and one mobile game. Five of our board games, namely *Rum & Bones: Second Tide, Arcadia Quest: Inferno, Masmorra: Dungeons of Arcadia, XenoShyft: Dreadmire* and *The Others: 7 Sins*, launched on Kickstarter were shipped during the year ended 31 December 2016. Another Kickstarter game launched during the year ended 31 December 2016, namely *Massive Darkness*, is expected to be shipped in the second quarter of 2017.

Long-term strategies and outlook

It is the Group's strategy to achieve long-term growth through product diversification and channel diversification. Our strategy going forward is three pronged — growing our market share in our existing stronghold markets of the United States and Europe, expanding into the largely untapped markets of South America and Asia, and strengthening our game design, licensing and intellectual property creation capabilities. This is in line with our objective to continuously publish more high-quality tabletop games and mobile games and expand our sales and marketing capabilities.

We strive to become a leading developer and publisher of quality games in the hobby game industry and we are optimistic about the growth and development of the tabletop game industry. We will continue to launch games that attract and retain a significant number of players in order to grow our revenue and sustain our competitive position. Besides, we will continue to expand our wholesale network as well as geographical coverage with an aim to increase market share and capture more exposure.

We achieved a remarkable milestone by being successfully listed on the GEM of the Stock Exchange on 2 December 2016 (the "**Listing**"). The proceeds raised have strengthened our capital and provided fundings to us to further expand and develop our business in accordance with the strategies as stated in the prospectus of the Company dated 25 November 2016 (the "**Prospectus**"). We will continue to strengthen our core business and explore new opportunities in order to maximise the value of the Company and its shareholders.

Financial review

Revenue

Our revenue increased by approximately 22.1% from approximately US$17.2 million for the year ended 31 December 2015 to approximately US$21.0 million for the year ended 31 December 2016, primarily due to the increase in revenue from board games. For board games, revenue increased by approximately 29.7% from approximately US$15.8 million for the year ended 31 December 2015 to approximately US$20.5 million for the year ended 31 December 2016, primarily because of the recognition of sales from board games launched since the second half of 2015, including *Rum & Bones: Second Tide, Arcadia Quest: Inferno, Masmorra: Dungeons of Arcadia, XenoShyft: Dreadmire* and *The Others: 7 Sins.*

Revenue via Kickstarter increased from approximately US$9.5 million for the year ended 31 December 2015 to approximately US$11.5 million for the year ended 31 December 2016, mainly due to shipment of Kickstarter projects including *Rum & Bones: Second Tide, Arcadia Quest: Inferno, Masmorra: Dungeons of Arcadia, XenoShyft: Dreadmire* and *The Others: 7 Sins* in 2016.

North America and Europe remain our major markets, with North American and European sales making up approximately 92.4% of our total revenue combined for the year ended 31 December 2016, rising from approximately 91.6% for the year ended 31 December 2015. This was mainly due to the effort of our new sales director, who has recently joined us in March 2016 and has very strong working relationship with our United States wholesalers. In January 2017, we hired a new sales personnel who is responsible for our European sales.

The following tables set out breakdowns of our revenue by categories, by sales channels and by geographical markets in absolute amounts and as percentages of our revenue for the years indicated:

By categories

	Year ended 31 December			
	2016		2015	
	US$	*%*	*US$*	*%*
Board games	**20,485,617**	**97.7**	15,842,513	92.2
Miniatures war games	**188,991**	**0.9**	675,261	3.9
Mobile games	**23,501**	**0.1**	22,211	0.1
Sub-total	**20,698,109**	**98.7**	16,539,985	96.2
Other products	**266,026**	**1.3**	645,370	3.8
Total	**20,964,135**	**100.0**	17,185,355	100.0

By sales channels

	Year ended 31 December			
	2016		2015	
	US$	*%*	*US$*	*%*
Direct				
Kickstarter	**11,468,346**	**54.7**	9,522,481	55.4
Online store and game conventions	**848,312**	**4.1**	781,904	4.6
Mobile games	**23,501**	**0.1**	22,211	0.1
Wholesalers	**8,623,976**	**41.1**	6,858,759	39.9
Total	**20,964,135**	**100.0**	17,185,355	100.0

By geographical markets

	Year ended 31 December			
	2016		2015	
	US$	**%**	*US$*	%
North America	**11,546,173**	**55.1**	8,322,373	48.5
Europe	**7,829,071**	**37.3**	7,413,299	43.1
Oceania	**794,214**	**3.8**	896,926	5.2
Asia	**626,047**	**3.0**	336,074	2.0
South America	**152,212**	**0.7**	191,683	1.1
Africa	**16,418**	**0.1**	25,000	0.1
Total	**20,964,135**	**100.0**	17,185,355	100.0

Cost of sales

Our cost of sales increased by approximately 22.6% from approximately US$8.4 million for the year ended 31 December 2015 to approximately US$10.3 million for the year ended 31 December 2016 primarily due to an increase in cost of inventories by approximately 30.9% from approximately US$5.5 million for the year ended 31 December 2015 to approximately US$7.2 million for the year ended 31 December 2016 and this increase was in line with the increase in our revenue. The increase in cost of inventories was offset by an approximately 9.1% decrease in shipping and handling costs charged to cost of sales from approximately US$2.2 million for the year ended 31 December 2015 to approximately US$2.0 million for the year ended 31 December 2016, which was mainly due to the temporary change in delivery logistics for our sales to wholesalers in the United States in the first four months in 2016 resulting in the relevant shipping and handling costs being accounted as selling and distribution expenses.

Gross profit and gross profit margin

Our gross profit increased by approximately 21.6% from approximately US$8.8 million for the year ended 31 December 2015 to approximately US$10.7 million for the year ended 31 December 2016 mainly due to the growth in revenue. Our gross profit margin remained fairly stable at approximately 51.1% for the year ended 31 December 2016 as compared to approximately 51.3% for the year ended 31 December 2015.

Other income

Other income amounted to US$57,330 and US$219,602 for the years ended 31 December 2015 and 2016, respectively, and the increase was primarily related to mobile app development costs being recharged to a business partner which has agreed (contractually) to pay for such development costs in return for a future revenue sharing arrangement.

Selling and distribution expenses

Our selling and distribution expenses for the year ended 31 December 2016 were approximately US$2.3 million, representing an increase of approximately 35.3% from approximately US$1.7 million for the year ended 31 December 2015. This was primarily due to a one-off shipping expense incurred during the first four months in 2016 as we conducted a trial to ship to United States wholesale customers directly from our outsourced manufacturer in China. Marketing and related travelling expenses also increased as we increased our presence at conventions and customer visits by sales team.

General and administrative expenses

Our general and administrative expenses for the year ended 31 December 2016 were approximately US$6.7 million, representing an increase of approximately 48.9% from approximately US$4.5 million for the year ended 31 December 2015. Such increase was primarily due to an increase in professional service fees in respect of our Listing application on the GEM of the Stock Exchange from approximately US$2.0 million for the year ended 31 December 2015 to approximately US$3.1 million for the year ended 31 December 2016, and an increase in employee benefit expenses from approximately US$1.7 million for the year ended 31 December 2015 to approximately US$2.3 million for the year ended 31 December 2016, primarily due to an increase in headcount resulting from business expansion.

Income tax expense

Despite an approximately 29.6% decrease in profit before income tax for the year ended 31 December 2016 from the year ended 31 December 2015, our income tax expense increased by approximately 2.0% from US$842,989 for the year ended 31 December 2015 to US$860,158 for the year ended 31 December 2016. This was mainly because professional service fees incurred in respect of our Listing application are non tax-deductible, and such expenses increased from approximately US$2.0 million for the year ended 31 December 2015 to approximately US$3.1 million for the year ended 31 December 2016.

Profit and total comprehensive income for the year attributable to equity holders of the Company

Our profit and total comprehensive income for the year attributable to equity holders of the Company decreased by approximately 44.4% from approximately US$1.8 million for the year ended 31 December 2015 to approximately US$1.0 million for the year ended 31 December 2016 mainly due to the increase in professional service fees in respect of our Listing application as mentioned above.

Liquidity and financial resources

During the year ended 31 December 2016, we financed our operations primarily through cash generated from our internally generated funds and the net proceeds received from the placing of 306,000,000 shares with nominal value of HK$0.00005 each (the "**Share(s)**") at a price of HK$0.23 per Share on the GEM of the Stock Exchange (the "**Placing**"). During the year ended 31 December 2016, we did not have any bank borrowings. As at 31 December 2015 and 2016, we had cash and cash equivalents of approximately US$2.6 million and US$6.6 million, respectively, which were cash at banks and on hand, denominated in US$, Hong Kong dollars (2016 only) and Singapore dollars. No banking facility has been arranged by the Group during the year ended 31 December 2016. Going forward, we intend to use our capital to fund our working capital, game development activities, acquisition of intellectual properties as well as the expansion plans as stated in the Prospectus.

Treasury policies

The Group's sales made through Kickstarter for which sales proceeds are generally received prior to product delivery do not expose the Group to significant credit risk. The Group's trade receivables are primarily related to sales to wholesalers. We have policies in place to assess and monitor the credit worthiness of our wholesalers. The Group performs periodic credit evaluation of our customers and will adjust the credit extended to the customers accordingly. Normally the Group does not require collaterals from trade debtors. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade receivables based on historical payment records, the length of the overdue period, the financial strength of the trade debtors and whether there are any disputes with the relevant debtors.

Capital structure

During the year ended 31 December 2016, the capital structure of the Group consisted of capital and reserves attributable to equity holders of the Company, comprising share capital, share premium, retained earnings and capital reserves. The Group did not raise any external borrowings or other capital in the form of convertible bonds, loan capital, debenture or other financial instruments of similar nature.

New games and their impact on the financial performance

During the year ended 31 December 2016, the Group shipped five Kickstarter board games of which two, namely *The Others: 7 Sins* and *Arcadia Quest: Inferno*, were launched in 2015 and three, namely *XenoShyft: Dreadmire, Masmorra: Dungeons of Arcadia* and *Rum & Bones: Second Tide*, were launched in 2016. These five Kickstarter games raised approximately US$5.5 million via the Kickstarter platform in total, all of which was realised as revenue of the Group during the year ended 31 December 2016. We also launched *Massive Darkness* via Kickstarter in July 2016, raising almost approximately US$3.6 million and the shipping of which is expected to take place in the second quarter of 2017.

Significant investments, material acquisitions and disposals

During the year ended 31 December 2016, the Group acquired the intellectual property of *The Others: 7 Sins* for US$895,000.

During the year ended 31 December 2016, the Group had no material acquisitions and disposals of subsidiaries.

Information on employees

As at 31 December 2016, the Group had 47 employees (31 December 2015: 29). Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and/or share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident fund contributions) for the year ended 31 December 2016 amounted to approximately US$2.3 million (2015: approximately US$1.7 million).

Charges on assets

As at 31 December 2016, no asset of the Group was charged or pledged as a security for bank borrowing or any other financing facilities (31 December 2015: Nil).

Future plans for material investments

As at the date of this annual results announcement, the Group does not have any concrete plan for material investments. However, as stated in the Prospectus, we intend to increase our market share by adding more high quality games into our portfolio through title acquisition or licensing. We also intend to consider and explore game developers, publishers and European-based distributors as potential strategic acquisitions and licensing targets in the future. We intend to continue to finance our expansion plans primarily through cash generated from our internally generated funds and the net proceeds from the Placing.

Gearing ratio

During the year ended 31 December 2016, we did not have any short-term or long-term bank borrowings.

As at 31 December 2016, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 35.1% (31 December 2015: approximately 48.1%).

Exposure to foreign exchange

The Group mainly operates in the United States and Singapore with the majority of its transactions denominated and settled in US$. We currently do not have a foreign currency hedging policy. However, we will continuously monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As at 31 December 2016, the Group did not have any significant contingent liabilities (31 December 2015: Nil).

Commitments

Other than operating lease commitments for our leased properties, we had no other capital and lease commitments as at 31 December 2015 and 2016. As at 31 December 2016, the Group's operating lease commitments were approximately US$1.6 million (31 December 2015: approximately US$2.1 million).

Principal risks and uncertainties

The Directors are of the view that the Group is exposed to the following key risks and uncertainties:

Outsourced manufacturers

The Group relies on a limited number of outsourced manufacturers for the production of tabletop games. To manage this risk, the Group has a practice of maintaining a good working relationship with the outsourced manufacturers by, amongst others, creating goodwill and honouring payments. Besides, the Group will explore and develop business relationship with other suitable outsourced manufacturers and suppliers as part of the contingency planning.

Loss of key personnel

The Group relies to a significant extent on the executive Directors and certain key senior management. In view of this, the Group has implemented controls to minimise the potential loss of key personnel, such as ensuring the executive Directors and certain key senior management do not take the same flight in their air travels. The Group is also developing and training potential new management members.

Kickstarter

During the year ended 31 December 2016, most of the Group's tabletop games were launched on Kickstarter. To manage this risk, the Group has identified alternative internet crowd funding platforms for game launching in the event the Group is unable to continue launching games on Kickstarter. Besides, the Group is enhancing its in-house capability to launch tabletop games on its own website if required.

Comparison between expected implementation plans with actual business progress

An analysis comparing the implementation plans as set out in the Prospectus with the Group's actual business progress for the period from 15 November 2016, being the Latest Practicable Date as defined in the Prospectus, to 31 December 2016 is set out below:

Strategy	**Business objectives for the period from 15 November 2016 to 31 December 2016**	**Actual business progress for the period from 15 November 2016 to 31 December 2016**
Achieve organic growth by developing more high-quality games	• Develop, launch and deliver the games as set out in the paragraph headed "Business — Game Pipeline" in the Prospectus (the "**Game Pipeline**") and fulfil the outstanding Kickstarter projects which products have not yet been shipped as at 15 November 2016	• Continued to develop the games as set out in the Game Pipeline • Shipped three outstanding Kickstarter projects namely *Arcadia Quest: Inferno, Masmorra: Dungeons of Arcadia* and *Rum & Bones: Second Tide*
	• Maintain two newly hired in-house game developers	• Maintained the two newly hired in-house game developers
Further strengthen our sales and marketing capability and broaden reach into new markets	• Maintain four newly hired staff in our sales and marketing team	• One newly hired staff resigned during the period and the Group has successfully hired a new staff in January 2017

Strategy	Business objectives for the period from 15 November 2016 to 31 December 2016	Actual business progress for the period from 15 November 2016 to 31 December 2016
	• Increase publicity across all of our existing marketing channels, including participation in game conventions, advertisements and cooperation with online game websites	• Continued to promote the Company's products through online advertising and social networking websites
	• Increase or initiate contact with existing or new wholesalers to enhance or initiate business relationships	• Maintained regular contact with existing wholesalers
Further expansion into the mobile game market	• Develop our second mobile game, *Zombicide (mobile)*	• Continued to develop *Zombicide (mobile)*, which is expected to launch in 2017

USE OF NET PROCEEDS FROM THE PLACING

The net proceeds received by the Company from the Placing, after deducting underwriting commission and professional expenses in relation to the Placing, amounted to approximately HK$53.8 million, which were higher than the estimated net proceeds of approximately HK$49.3 million as disclosed in the Prospectus due to lower listing expenses.

During the period from 15 November 2016, being the Latest Practicable Date as defined in the Prospectus, to 31 December 2016, the Group has utilised approximately HK$16.4 million of the net proceeds as follows:

	Use of proceeds as stated in the Prospectus *HK$ million*	**Actual use of proceeds** *HK$ million*
Developing high-quality tabletop games	9.2	8.2
Strengthening sales and marketing capability and broadening reach into new markets	1.0	0.2
Expanding into the mobile game market	0.5	Minimal

Besides, the Group has applied approximately HK$4.0 million of the net proceeds for the acquisition of the intellectual property of *The Others: 7 Sins* and approximately HK$4.0 million for working capital and other general corporate purposes, respectively, during the period from 15 November 2016 to 31 December 2016.

The Directors intend to continue to apply the remaining net proceeds from the Placing in accordance with the uses and in the proportions as stated in the Prospectus.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: US$1.6 million).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 May 2017 to Monday, 8 May 2017, both days inclusive, in order to determine the identity of the shareholders of the Company (the "**Shareholders**") who are entitled to attend the annual general meeting of the Company to be held on 8 May 2017 (the "**AGM**"), during which period no share transfer will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 28 April 2017.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. Save as disclosed in this annual results announcement, the Company has complied with all applicable code provisions of the CG Code during the period from 2 December 2016, being the date of Listing, to 31 December 2016 (the "**Relevant Period**"). The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Ng Chern Ann is currently the chairman and chief executive officer of the Company (the "**Chief Executive Officer**"). In view of Mr. Ng being one of the founders of the Group, and his responsibilities in corporate strategic planning and overall business development, the Board believes that it is in the interests of both the Group and the Shareholders to have Mr. Ng taking up both roles for effective management and business development. The Board also meets regularly on a quarterly basis to review the operations of the Group led by Mr. Ng. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman and the Chief Executive Officer is necessary.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings during the Relevant Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Relevant Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results for the year ended 31 December 2016.

REVIEW OF ANNUAL RESULTS

The figures in respect of the Group's results for the year ended 31 December 2016 as set out in this annual results announcement have been agreed by the auditor of the Company, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2016. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this annual results announcement.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual report for the year ended 31 December 2016 will be despatched to the Shareholders and available on the Company's website (http://cmon.com) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

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

Singapore, 22 March 2017

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 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.