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This announcement, for which the directors (the “Director(s)”) of CMON Limited (the “Company”, together with its subsidiaries, the “Group” or “we”) 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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

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.

INTERIM RESULTS HIGHLIGHTS

- The revenue increased by approximately US\$3.5 million, or approximately 64.8% from approximately US\$5.4 million for the six months ended 30 June 2016 to approximately US\$8.9 million for the six months ended 30 June 2017.
- Gross profit increased by approximately US\$2.1 million, or approximately 95.5% from approximately US\$2.2 million for the six months ended 30 June 2016 to approximately US\$4.3 million for the six months ended 30 June 2017. During the six months ended 30 June 2017, the gross profit margin was approximately 48.6%.
- During the six months ended 30 June 2017, the profit and total comprehensive income for the period attributable to equity holders of the Company was US\$122,196, as compared with a loss of approximately US\$2.2 million for the six months ended 30 June 2016. Earnings per share for profit attributable to equity holders of the Company during the six months ended 30 June 2017 was approximately US\$0.00007.
- As at 30 June 2017, cash and cash equivalents were approximately US\$2.9 million and the gearing ratio, calculated as total liabilities divided by total assets, increased to approximately 50.0%. During the six months ended 30 June 2017, we recorded a negative operating cash flow.
- During the six months ended 30 June 2017, we launched three Kickstarter games, namely *The World of SMOG: Rise of Moloch*, *Rising Sun* and *Zombicide: Green Horde*. We have shipped the Kickstarter project namely, *Massive Darkness*, in May 2017.

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2017, together with the unaudited comparative figures for the corresponding period in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2017

	Note	Three months ended 30 June		Six months ended 30 June	
		2017 (Unaudited) US\$	2016 (Unaudited) US\$	2017 (Unaudited) US\$	2016 (Unaudited) US\$
Revenue	2, 3	7,402,927	2,558,844	8,882,804	5,381,463
Cost of sales	4	(3,314,662)	(1,588,785)	(4,567,032)	(3,185,323)
Gross profit		4,088,265	970,059	4,315,772	2,196,140
Other income		181,711	18,400	228,551	34,108
Selling and distribution expenses	4	(1,056,411)	(760,047)	(1,534,403)	(1,464,337)
General and administrative expenses	4				
— Professional service fees in respect of listing preparation		—	(1,030,539)	—	(1,750,536)
— Others		(1,615,826)	(668,559)	(2,847,751)	(1,420,152)
		(1,615,826)	(1,699,098)	(2,847,751)	(3,170,688)
Operating profit/(loss)		1,597,739	(1,470,686)	162,169	(2,404,777)
Finance costs		(7,490)	—	(7,490)	—
Profit/(loss) before income tax		1,590,249	(1,470,686)	154,679	(2,404,777)
Income tax (expense)/credit	5	(333,953)	198,098	(32,483)	243,058
Profit/(loss) and total comprehensive income/(loss) for the period attributable to equity holders of the Company		1,256,296	(1,272,588)	122,196	(2,161,719)
Earning/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period					
Basic and diluted	6	<u>0.00070</u>	<u>(0.00085)</u>	<u>0.00007</u>	<u>(0.00144)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 30 June 2017 (Unaudited) US\$	As at 31 December 2016 (Audited) US\$
ASSETS			
Non-current assets			
Property, plant and equipment	8	6,783,270	3,787,396
Intangible assets	9	<u>7,764,356</u>	<u>7,576,596</u>
		14,547,626	11,363,992
Current assets			
Inventories		5,277,438	3,660,247
Trade receivables	10	1,576,361	2,192,927
Prepayments, deposits and other receivables		9,317,498	1,896,905
Income tax recoverable		32,000	32,000
Cash and cash equivalents		<u>2,885,749</u>	<u>6,612,768</u>
		19,089,046	14,394,847
Total assets		<u>33,636,672</u>	<u>25,758,839</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	11,700	11,700
Share premium	12	12,384,133	12,384,133
Retained earnings		3,651,007	3,528,811
Capital reserves		<u>780,499</u>	<u>780,499</u>
Total equity		<u>16,827,339</u>	<u>16,705,143</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		265,722	265,722
Bank borrowings		<u>1,445,306</u>	<u>—</u>
		1,711,028	265,722
Current liabilities			
Trade payables	11	172,012	1,062,005
Bank borrowings		104,640	—
Accruals and other payables		359,197	1,173,549
Deferred revenue		12,905,589	4,509,222
Income tax payable		1,556,864	2,043,195
Amount due to ultimate holding company		<u>3</u>	<u>3</u>
		15,098,305	8,787,974
Total liabilities		<u>16,809,333</u>	<u>9,053,696</u>
Total equity and liabilities		<u>33,636,672</u>	<u>25,758,839</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital (Unaudited) US\$	Share premium (Unaudited) US\$	Retained earnings (Unaudited) US\$	Capital reserves (Unaudited) US\$	Total (Unaudited) US\$
At 1 January 2017	11,700	12,384,133	3,528,811	780,499	16,705,143
Comprehensive income					
Profit for the period	—	—	122,196	—	122,196
Total comprehensive income	—	—	122,196	—	122,196
At 30 June 2017	<u>11,700</u>	<u>12,384,133</u>	<u>3,651,007</u>	<u>780,499</u>	<u>16,827,339</u>
At 1 January 2016	9,700	5,290,300	2,511,191	780,499	8,591,690
Comprehensive loss					
Loss for the period	—	—	(2,161,719)	—	(2,161,719)
Total comprehensive loss	—	—	(2,161,719)	—	(2,161,719)
At 30 June 2016	<u>9,700</u>	<u>5,290,300</u>	<u>349,472</u>	<u>780,499</u>	<u>6,429,971</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2017*

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Net cash (used in)/generated from operating activities	(1,179,514)	334,799
Net cash used in investing activities	(4,097,450)	(1,623,044)
Net cash generated from/(used in) financing activities	1,549,945	(332,339)
Net decrease in cash and cash equivalents	(3,727,019)	(1,620,584)
Cash and cash equivalents at beginning of the period	6,612,768	2,628,967
Cash and cash equivalents at end of the period	2,885,749	1,008,383

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The preparation of unaudited condensed consolidated results in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The adoption of the new and revised IFRSs has no significant impact on the unaudited consolidated results and financial position of the Group.

In the current period, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2016, as described in those consolidated financial statements except for the Group has adopted all the new and revised IFRSs issued that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. The application of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standard(s), amendments and interpretation(s) will have no material impact on the unaudited condensed consolidated financial statements.

2. 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 three months and six months ended 30 June 2017, revenue was earned from customers located in the following geographic areas:

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) US\$	2016 (Unaudited) US\$	2017 (Unaudited) US\$	2016 (Unaudited) US\$
North America	4,103,181	1,542,274	4,915,770	2,812,999
Europe	2,678,688	817,356	3,189,625	2,142,205
Oceania	279,603	57,294	343,372	181,720
Asia	259,318	132,068	350,854	226,356
South America	76,123	6,079	75,873	12,489
Africa	6,014	3,773	7,310	5,694
	<u>7,402,927</u>	<u>2,558,844</u>	<u>8,882,804</u>	<u>5,381,463</u>

No individual customers of the Group contributed more than 10% of the Group’s revenue during the three months and six months ended 30 June 2017.

3. REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$	US\$	US\$	US\$
Sales of products	6,993,469	2,415,579	8,457,398	5,037,233
Shipping income in connection with sale of products	409,458	143,265	425,406	344,230
	7,402,927	2,558,844	8,882,804	5,381,463

4. EXPENSES BY NATURE

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

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$	US\$	US\$	US\$
Cost of inventories	1,733,447	1,008,104	2,360,246	2,074,498
Shipping and handling charges	1,215,009	593,666	1,500,242	1,165,756
Employee benefit expenses	1,103,496	564,902	2,096,791	1,128,638
Professional service fees in respect of listing preparation	—	1,030,539	—	1,750,536
Other professional fees	107,570	15,410	146,507	42,090
Merchant account fees	449,995	188,507	554,267	375,666
Royalty expenses	24,190	15,708	28,354	28,875
Marketing expenses	7,665	8,666	94,035	73,670
Depreciation	248,729	158,568	466,342	307,570
Amortisation	223,564	130,026	434,755	252,818
Games development expenses	91,167	25,190	92,924	88,053
Website maintenance fees	136,486	55,477	190,562	103,464
Operating lease rentals	83,273	44,521	129,994	62,470
Travelling expenses	134,983	62,426	320,386	145,093
Other expenses	427,325	146,220	533,781	221,151
	5,986,899	4,047,930	8,949,186	7,820,348

Cost of sales for the three months ended 30 June 2017 and 2016 comprise principally cost of inventories, shipping and handling charges of US\$1,215,009 and US\$352,345, depreciation of US\$159,608 and US\$111,131, amortisation of US\$206,598 and US\$117,205, respectively.

Cost of sales for the six months ended 30 June 2017 and 2016 comprise principally cost of inventories, shipping and handling charges of US\$1,500,242 and US\$667,344, depreciation of US\$305,720 and US\$215,819, amortisation of US\$400,824 and US\$227,662, respectively.

5. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$	US\$	US\$	US\$
Current income tax expense/(credit)	<u>333,953</u>	<u>(198,098)</u>	<u>32,483</u>	<u>(243,058)</u>

The Group is exempted from taxation in the Cayman Islands and the British Virgin Islands. The companies comprising the Group are subject to the United States of America (“United States”) corporate tax and Singapore corporate income tax. The tax rate of 21%, based on the average tax rate in Singapore and United States, was used to compute the income tax.

6. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company (US\$)	1,256,296	(1,272,588)	122,196	(2,161,719)
Weighted average number of ordinary shares in issue	<u>1,806,000,000</u>	<u>1,500,000,000</u>	<u>1,806,000,000</u>	<u>1,500,000,000</u>
Basic earnings/(loss) per share (US\$)	<u>0.00070</u>	<u>(0.00085)</u>	<u>0.00007</u>	<u>(0.00144)</u>

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 the period for the three months and six months ended 30 June 2016 presented.

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the three months and six months ended 30 June 2017 and 2016.

7. INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the three and six months ended 30 June 2017 (for the three and six months ended 30 June 2016: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment amounting to approximately US\$3.3 million (for the six months ended 30 June 2016: approximately US\$0.7 million).

9. INTANGIBLE ASSETS

During the six months ended 30 June 2017, the Group spent approximately US\$0.6 million on acquisition of intangible assets (for the six months ended 30 June 2016: approximately US\$0.7 million).

10. TRADE RECEIVABLES

	As at 30 June 2017 (Unaudited) US\$	As at 31 December 2016 (Audited) US\$
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Trade receivables	<u>1,576,361</u>	<u>2,192,927</u>
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During the six months ended 30 June 2017 and the year ended 31 December 2016, the Group granted credit terms of 0 to 30 days and 0 to 60 days to its customers, respectively.

As at 30 June 2017 and 31 December 2016, the ageing analysis of trade receivables by the date on which the respective sales invoices were issued is as follows:

	As at 30 June 2017 (Unaudited) US\$	As at 31 December 2016 (Audited) US\$
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Less than 30 days	736,289	1,119,414
30 days to 90 days	523,161	675,841
91 days to 180 days	38,200	297,736
Over 180 days	278,711	99,936
	<u>1,576,361</u>	<u>2,192,927</u>

11. 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 30 June 2017 and 31 December 2016 based on invoice dates is as follows:

	As at 30 June 2017 (Unaudited) US\$	As at 31 December 2016 (Audited) US\$
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Less than 60 days	162,102	913,385
60 days to 120 days	9,910	148,620
	<u>172,012</u>	<u>1,062,005</u>

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of the Company	Share capital US\$	Share premium US\$
Authorised:			
Ordinary share capital of HK\$0.0001 each on 1 January 2016	3,800,000,000	49,147	—
Sub-division of shares	3,800,000,000	—	—
	<u>7,600,000,000</u>	<u>49,147</u>	<u>—</u>
At 31 December 2016 and 30 June 2017	<u>7,600,000,000</u>	<u>49,147</u>	<u>—</u>
	Number of shares of the Company	Share capital US\$	Share premium US\$
Issued and fully paid:			
At 1 January 2016	750,000,000	9,700	5,290,300
Sub-division of shares (<i>Note a</i>)	750,000,000	—	—
Issued shares under placing (<i>Note b</i>)	306,000,000	2,000	9,071,982
Share issue expenses	—	—	(1,978,149)
	<u>1,806,000,000</u>	<u>11,700</u>	<u>12,384,133</u>
At 31 December 2016, 1 January 2017 and 30 June 2017	<u>1,806,000,000</u>	<u>11,700</u>	<u>12,384,133</u>

Notes:

- (a) On 31 October 2016, the Company undertook a sub-division of 750,000,000 ordinary shares into 1,500,000,000 ordinary shares on the basis of every 1 share into 2 shares.
- (b) On 2 December 2016, the Company issued 306,000,000 shares pursuant to the Company's listing on GEM by way of placing at a price of HK\$0.23 per share.

13. RELATED PARTY TRANSACTIONS

Related parties refer to entities to which the Group has the ability, directly or indirectly, to control or exercise significant influence in making financial and operating decisions, or directors or officers of the Group.

(a) Balances with related party

The Directors are of the view that the following company that had transactions or balances with the Group is related party:

Name	Relationship with the Group
CMoN Holdings Limited	Ultimate holding company

As at 30 June 2017 and 31 December 2016, the amount due to ultimate holding company was unsecured, interest-free, denominated in US\$ and repayable on demand.

(b) Key management compensation

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	(Unaudited) US\$	(Unaudited) US\$	(Unaudited) US\$	(Unaudited) US\$
Wages and salaries	189,535	133,685	328,847	267,371
Discretionary bonuses	—	—	251,171	89,322
Directors' fees	36,000	—	72,000	—
Pension costs — defined contribution plans	11,802	11,364	31,485	25,160
	<u>237,337</u>	<u>145,049</u>	<u>683,503</u>	<u>381,853</u>

14. OPERATING LEASE COMMITMENTS

As at 30 June 2017 and 31 December 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	As at 30 June 2017 (Unaudited) US\$	As at 31 December 2016 (Audited) US\$
No later than 1 year	480,480	422,792
Later than 1 year and no later than 5 years	<u>1,924,416</u>	<u>1,217,746</u>
	<u>2,404,896</u>	<u>1,640,538</u>

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 started developing and launching mobile games since 2015.

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.

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. During the six months ended 30 June 2017, we launched three Kickstarter games, namely *The World of SMOG: Rise of Moloch*, *Rising Sun* and *Zombicide: Green Horde*, and raised approximately US\$1.2 million, US\$4.2 million and US\$5.0 million, respectively and 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. During the six months ended 30 June 2017, we have successfully entered into a lease for our sales office in Canada, which is expected to commence operation in October 2017.

Financial Review

Revenue

Revenue increased by approximately 64.8% from approximately US\$5.4 million for the six months ended 30 June 2016 to approximately US\$8.9 million for the six months ended 30 June 2017. The increase in revenue was primarily due to the shipping of our Kickstarter project namely, *Massive Darkness*, in May 2017 resulting in an increase in revenue from Kickstarter from US\$753,903 for the six months ended 30 June 2016 to approximately US\$4.2 million for the six months ended 30 June 2017.

The following table sets out breakdowns of our revenue by sales channels:

	Six months ended 30 June			
	2017		2016	
	(Unaudited)		(Unaudited)	
	US\$	%	US\$	%
Direct				
Kickstarter	4,206,957	47.4	753,903	14.0
Online store and game conventions	488,376	5.5	504,644	9.4
Mobile games	4,829	0.1	17,053	0.3
Wholesalers	4,182,642	47.0	4,105,863	76.3
Total	8,882,804	100.0	5,381,463	100.0

Cost of Sales

Our cost of sales increased by approximately 43.8% from approximately US\$3.2 million for the six months ended 30 June 2016 to approximately US\$4.6 million for the six months ended 30 June 2017 primarily due to the shipping of *Massive Darkness* products in May 2017. Our shipping and handling charges increased by approximately 124.8% from US\$667,344 for the six months ended 30 June 2016 to approximately US\$1.5 million for the six months ended 30 June 2017, which was mainly due to the temporary change in delivery logistics of our sales to wholesales in the United States in the first four months in 2016 resulting in the relevant shipping and handling charges being accounted as selling and distribution expenses. Cost of inventories increased by approximately 14.3% from approximately US\$2.1 million for the six months ended 30 June 2016 to approximately US\$2.4 million for the six months ended 30 June 2017, which were in line with the increase in our revenue.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2017, our gross profit increased from approximately US\$2.2 million to approximately US\$4.3 million primarily due to the increase in revenue. Our gross profit margin increased from approximately 40.8% for the six months ended 30 June 2016 to approximately 48.6% for the six months ended 30 June 2017, which was primarily due to increased Kickstarter sales with relatively higher gross profit margins than wholesale sales.

Other Income

Other income amounted to US\$34,108 and US\$228,551 for the six months ended 30 June 2016 and 2017, 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 remained fairly stable at approximately US\$1.5 million for the six months ended 30 June 2017 as compared to the six months ended 30 June 2016.

General and Administrative Expenses

Our general and administrative expenses for the six months ended 30 June 2017 were approximately US\$2.8 million, representing a decrease of approximately 12.5% from approximately US\$3.2 million for the six months ended 30 June 2016. Such decrease was primarily because no professional service fees in respect of our listing application on GEM was incurred for the six months ended 30 June 2017 as we have successfully listed on GEM in December 2016, netted off by increase in employee benefit expenses from approximately US\$1.1 million for the six months ended 30 June 2016 to approximately US\$2.1 million for the six months ended 30 June 2017 primarily due to an increase in headcount resulting from business expansion and increase in discretionary bonuses for key management.

Income Tax Expenses

The Group recorded income tax expenses of US\$32,483 for the six months ended 30 June 2017 as compared to income tax credit of US\$243,058 for the six months ended 30 June 2016 mainly because of the increase in profit before income tax for the six months ended 30 June 2017 as compared to a loss for the corresponding period in 2016.

Profit and Total Comprehensive Income for the Period Attributable to Equity Holders of the Company

The Group recorded a profit and total comprehensive income for the period attributable to equity holders of the Company of US\$122,196 for the six months ended 30 June 2017 as compared with a loss of approximately US\$2.2 million for the six months ended 30 June 2016 mainly due to increase in revenue and gross profit margin and no professional service fees in respect of our listing application on the GEM was incurred for the six months ended 30 June 2017 as mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2017, we financed our operations primarily through cash generated from our internally generated funds, 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**”) and bank borrowings.

The short-term and long-term bank borrowings of the Group increased from nil as at 31 December 2016 to US\$104,640 and approximately US\$1.4 million, respectively, as at 30 June 2017 as the Group applied the proceeds from the bank borrowings to finance the acquisition of a property located at 201 Henderson Road #07/08-01, Apex @ Henderson, Singapore 159545 (the “**Property**”) as its global head office. The bank borrowings were secured by the Property, denominated in Singapore dollars and with a tenor of 20 years. Interests are charged at fixed rates from drawdown date till the end of the second year from the date of the banking facility letter and floating rates for subsequent years. The maturity profile of the bank borrowings of the Group as at 30 June 2017 was shown as follows:

	As at 30 June 2017 (Unaudited)
Repayable within 1 year	4%
Repayable between 1 to 5 years	16%
Repayable after 5 years	80%

As at 30 June 2017 and 31 December 2016, we had cash and cash equivalents of approximately US\$2.9 million and US\$6.6 million, respectively, which were cash at banks and on hand, denominated in US dollars, Hong Kong dollars and Singapore dollars.

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 of the Company dated 25 November 2016 (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

As at 30 June 2017, the Group’s capital structure consisted of bank borrowings, capital and reserves attributable to equity holders of the Company, comprising share capital, share premium, retained earnings and capital reserves.

NEW GAMES AND THEIR IMPACT ON THE FINANCIAL PERFORMANCE

During the six months ended 30 June 2017, the Group shipped a Kickstarter board game, namely *Massive Darkness*, which was launched in July 2016 raising approximately US\$3.6 million. We also launched three Kickstarter games, namely *The World of SMOG: Rise of Moloch*, *Rising Sun* and *Zombicide: Green Horde* during the six months ended 30 June 2017 and raised approximately US\$1.2 million, US\$4.2 million and US\$5.0 million, respectively.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2017, the Group acquired the Property as its global head office and acquired the intellectual properties of *The Grizzled* for US\$55,950.

During the six months ended 30 June 2017, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

INFORMATION ON EMPLOYEES

As at 30 June 2017, the Group had 77 employees (30 June 2016: 55). 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 six months ended 30 June 2017 amounted to approximately US\$2.1 million (for the six months ended 30 June 2016: approximately US\$1.1 million).

CHARGES ON ASSETS

As at 30 June 2017, the Property with net book value of approximately US\$2.1 million was charged as a security for bank borrowings.

FUTURE PLAN FOR MATERIAL INVESTMENTS

As at the date of this interim results announcement, the Group does not have concrete plans for material investments. However, as stated in the Prospectus, the Group intends to increase market share by adding more high quality games into our portfolio through acquisition or licensing. We also intend to consider and explore game developers, publishers and European-based distributors as potential strategic acquisition 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

As at 30 June 2017, the Group had short-term and long-term bank borrowings of US\$104,640 and approximately US\$1.4 million, respectively (31 December 2016: Nil).

As at 30 June 2017, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 50.0% (31 December 2016: approximately 35.1%).

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 dollars. The Group currently does not have a foreign currency hedging policy. However, the Group will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency risk should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any significant contingent liabilities (30 June 2016: Nil).

COMMITMENTS

Other than operating lease commitments for our leased properties, we had no other capital and lease commitments as at 30 June 2017. As at 30 June 2017, the Group's operating lease commitments were approximately US\$2.4 million (31 December 2016: approximately US\$1.6 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 six months ended 30 June 2017, most of the Group's best selling 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 30 June 2017 is set out below:

Strategy	Business objectives for the period from 15 November 2016 to 30 June 2017	Actual business progress for the period from 15 November 2016 to 30 June 2017
Achieve organic growth by developing more high-quality games	<ul style="list-style-type: none">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 2016Maintain two newly hired in-house game developers	<ul style="list-style-type: none">Continued to develop the games as set out in the Game PipelineShipped four outstanding Kickstarter projects namely <i>Arcadia Quest: Inferno</i>, <i>Masmorra: Dungeons of Arcadia</i>, <i>Rum & Bones: Second Tide</i> and <i>Massive Darkness</i>Launched three Kickstarter projects namely <i>The World of SMOG: Rise of Moloch</i>, <i>Rising Sun</i> and <i>Zombicide: Green Horde</i>Maintained the two newly hired in-house game developers

Strategy	Business objectives for the period from 15 November 2016 to 30 June 2017	Actual business progress for the period from 15 November 2016 to 30 June 2017
Further strengthen our sales and marketing capability and broaden reach into new markets	<ul style="list-style-type: none"> • Maintain four staff and hire three additional staff in our sales and marketing team • Set up sales office in Canada • Increase publicity across all of our existing marketing channels, including participation in game conventions, advertisements and cooperation with online game websites • Increase or initiate contact with existing or new wholesalers to enhance or initiate business relationships 	<ul style="list-style-type: none"> • The Group has successfully maintained four staff and hired four new staff • The Group has successfully entered into a lease for sales office in Canada, which is expected to commence operation in October 2017 • Continued to promote the Company's products through online advertising and social networking websites • Maintained regular contact with existing wholesalers
Further expansion into the mobile game market	<ul style="list-style-type: none"> • Develop our second mobile game, <i>Zombicide (mobile)</i> 	<ul style="list-style-type: none"> • Continued to develop <i>Zombicide (mobile)</i>, which is expected to be launched 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 30 June 2017, the Group has utilised approximately HK\$18.3 million of the net proceeds as follows:

	Adjusted use of proceeds in the proportion as stated in the Prospectus from the Latest Practicable Date to 30 June 2017 <i>HK\$ million</i>	Actual use of proceeds up to 30 June 2017 <i>HK\$ million</i>
Developing high-quality tabletop games	15.0	14.2
Strengthening sales and marketing capability and broadening reach into new markets	6.7	4.1
Expanding into the mobile game market	1.6	—

As the mobile app development costs incurred during the period from the Latest Practicable Date to 30 June 2017 for *Zombicide (mobile)* have been recharged to a business partner which has agreed (contractually) to pay for such development costs in return for a future revenue sharing arrangement, no net proceeds have been used for expanding into the mobile game market during the period.

Besides, the Group has applied approximately HK\$4.4 million of the net proceeds for the acquisition of the intellectual properties of *The Others: 7 Sins* and *The Grizzled* and approximately HK\$4.9 million for working capital and other general corporate purposes, respectively, during the period from 15 November 2016 to 30 June 2017.

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.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (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 interim results announcement, the Company has complied with all applicable code provisions of the CG Code during the six months ended 30 June 2017. 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 separated 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 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 six months ended 30 June 2017.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2017.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee comprises three members, namely Mr. Tan Lip-Keat (chairman), Mr. Chong Pheng and Mr. Seow Chow Loong Iain, all of them are independent non-executive Directors. The Audit Committee 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 unaudited condensed consolidated results of the Group for the six months ended 30 June 2017. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the six months ended 30 June 2017 comply with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure has been made.

CHANGES TO DIRECTORS' INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rule.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, China Galaxy International Securities (Hong Kong) Co., Limited (“**China Galaxy**”), neither China Galaxy nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules and all Directors and controlling Shareholders and their respective close associates as referred to in Rule 11.04 of the GEM Listing Rules (except for the compliance adviser service provided by China Galaxy as at the date of this interim results announcement).

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

For the six months ended 30 June 2017, none of the Directors, controlling Shareholders or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PUBLICATION OF THE INTERIM RESULTS AND 2017 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://cmon.com>), and the 2017 interim report containing all the information required by the GEM Listing Rules will be despatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board

CMON Limited

Ng Chern Ann

Chairman and Chief Executive Officer

Singapore, 3 August 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>.