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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 GEM 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 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 41.9% from approximately US$21.0 million for the year ended 31 December 2016 to approximately US$29.8 million for the year ended 31 December 2017.

- The gross profit increased by approximately 34.6% from approximately US$10.7 million for the year ended 31 December 2016 to approximately US$14.4 million for the year ended 31 December 2017.

- The profit and total comprehensive income for the year attributable to equity holders of the Company increased by approximately 250.0% from approximately US$1.0 million for the year ended 31 December 2016 to approximately US$3.5 million for the year ended 31 December 2017.

- As at 31 December 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 39.2%. For the year ended 31 December 2017, we achieved positive operating cash flow.

- As at 31 December 2017, we offered a total of 64 games, comprising 60 board games, three miniature war games and one mobile game.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of Directors (the "**Board**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** *US$*	2016 *US$*
Revenue	3, 4	**29,816,740**	20,964,135
Cost of sales	5	**(15,432,416)**	(10,259,875)
Gross profit		**14,384,324**	10,704,260
Other income		**111,502**	219,602
Exchange losses		**(73,530)**	—
Selling and distribution expenses	5	**(4,618,091)**	(2,317,478)
General and administrative expenses			
— Professional service fees in respect of listing preparation	5	**—**	(3,052,277)
— Others	5	**(5,420,655)**	(3,676,329)
Operating profit		**4,383,550**	1,877,778
Finance costs		**(35,621)**	—
Profit before income tax		**4,347,929**	1,877,778
Income tax expense	6	**(851,310)**	(860,158)
Profit for the year attributable to equity holders of the Company		**3,496,619**	1,017,620
Other comprehensive income			
Items that may be reclassified to profit or loss			
— Exchange difference on translation on foreign operations		**(994)**	—
Other comprehensive income, net of tax		**(994)**	—
Profit and total comprehensive income for the year attributable to equity holders of the Company		**3,495,625**	1,017,620
Earnings per share attributable to equity holders of the Company for the year			
Basic and diluted	7	**0.0019**	0.0007

CONSOLIDATED BALANCE SHEETS

As at 31 December 2017

	Note	**2017**	2016
		US$	*US$*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**11,032,337**	3,787,396
Intangible assets	10	**11,472,024**	7,576,596
		22,504,361	11,363,992
Current assets			
Inventories		**4,423,442**	3,660,247
Trade and other receivables	11	**841,526**	2,192,927
Prepayments and deposits		**2,398,535**	1,896,905
Income tax recoverable		**—**	32,000
Pledged deposit		**200,000**	—
Cash and cash equivalents		**2,850,318**	6,612,768
		10,713,821	14,394,847
Total assets		**33,218,182**	25,758,839
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	**11,700**	11,700
Share premium	13	**12,384,133**	12,384,133
Retained earnings		**7,025,430**	3,528,811
Capital reserves		**780,499**	780,499
Exchange reserves		**(994)**	—
Total equity		**20,200,768**	16,705,143

	Note	2017 US$	2016 US$
LIABILITIES			
Non-current liabilities			
Borrowings		**3,271,182**	—
Deferred income tax liabilities		**281,297**	265,722
		3,552,479	265,722
Current liabilities			
Trade payables	12	**1,917,091**	1,062,005
Accruals and other payables		**1,774,894**	1,173,549
Borrowings		**134,774**	—
Amount due to ultimate holding company		**3**	3
Income tax payable		**2,372,464**	2,043,195
Deferred revenue		**3,265,709**	4,509,222
		9,464,935	8,787,974
Total liabilities		**13,017,414**	9,053,696
Total equity and liabilities		**33,218,182**	25,758,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Conyers 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 are principally engaged in design, development and sales of board games, miniatures and other hobby products. The Group has operations in Singapore and the United States of America (the "**United States**").

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

These consolidated 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 are relevant to the Group for the first time for the financial year beginning on or after 1 January 2017:

IAS 7 (Amendment)	Statement of cash flows: disclosure initiative
IAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses
IFRS 12	Annual improvements 2014-2016 cycle (amendments)

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 2018, but have not been early adopted by the Group:

		Effective for annual periods beginning on or after	Note
IFRS 9	Financial instruments	1 January 2018	i
IFRS 15	Revenue from contracts with customers	1 January 2018	ii
IFRS 16	Leases	1 January 2019	iii
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1 January 2018	
Amendments to IFRS 4	Applying IFRS 9 financial instruments with IFRS 4 insurance contracts	1 January 2018	
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined	
Amendments to IAS 40	Transfer of investment property	1 January 2018	
IFRIC-Int 22	Foreign currency transactions and advance consideration	1 January 2018	
IFRIC-Int 23	Uncertainty over income tax treatments	1 January 2019	
Annual Improvements Projects	Annual improvements 2014–2016 cycle	1 January 2018	

The Group has commenced an assessment of the impact of these new standards and amendments to existing standards. Except as discussed below, the Group is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

Note i:

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. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

IFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of IFRS 39.

During the financial years ended 31 December 2017 and 2016, 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.

Note ii:

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.

Note iii:

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 15. 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 currently disclosed in Note 15. 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:

	2017	2016
	US$	*US$*
North America	**15,602,540**	11,546,173
Europe	**11,230,864**	7,829,071
Oceania	**1,439,011**	794,214
Asia	**1,156,739**	626,047
South America	**373,586**	152,212
Africa	**14,000**	16,418
	29,816,740	20,964,135

No individual customers of the Group contributed more than 10% of the Group's revenue during the years ended 31 December 2017 and 31 December 2016.

At 31 December 2017 and 2016, the total non-current assets other than intangible assets and deferred income tax assets were located in the following locations:

	2017	2016
	US$	*US$*
Singapore	**5,073,242**	3,697
Mainland China	**3,711,001**	1,767,655
North America	**2,141,253**	2,015,950
Others	**106,841**	94
	11,032,337	3,787,396

4 REVENUE

	2017	2016
	US$	*US$*
Sales of products	**26,933,567**	18,517,094
Shipping income in connection with sale of products	**2,516,905**	2,252,877
Forfeiture revenue	**366,268**	194,164
	29,816,740	20,964,135

5 EXPENSES BY NATURE

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

	2017	2016
	US$	*US$*
Cost of inventories	**10,459,716**	7,213,575
Shipping and handling charges	**3,358,625**	2,544,873
Employee benefit expenses	**3,468,684**	2,320,733
Professional service fees in respect of listing preparation	**—**	3,052,277
Auditors remuneration		
— Audit services	**220,000**	209,000
— Non-audit services	**23,567**	48,000
Other professional fees	**639,736**	82,477
Merchant account fees	**1,300,544**	685,704
Royalty expenses	**95,560**	57,038
Marketing expenses	**691,670**	392,887
Depreciation	**1,150,803**	696,330
Amortisation	**924,702**	566,860
Games development expenses	**675,967**	97,740
Website maintenance fees	**362,952**	197,893
Operating lease rentals	**389,792**	155,765
Travelling expenses	**876,297**	482,686
Bad debt written off	**31,949**	—
Provision for doubtful debt	**34,597**	—
Write-down of inventories	**102,732**	—
Other expenses	**663,269**	502,121
	25,471,162	19,305,959

Cost of sales comprises principally cost of inventories, shipping and handling charges of US$3,358,625 and US$2,046,461, depreciation of US$658,533 and US$480,398, amortisation of US$852,810 and US$509,441, write-down of inventories of US$102,732 and nil, and also other expenses of nil and US$10,000 for the years ended 31 December 2017 and 2016, respectively.

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

6 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 United States corporate tax at the rate of 35% (2016: 35%) and Singapore corporate income tax at the rate of 17% (2016: 17%).

	2017	2016
	US$	*US$*
Current income tax	**974,814**	856,668
Deferred income tax	**80,602**	140,408
	1,055,416	997,076
Overprovision of tax in prior year		
— Current income tax	**(139,079)**	(136,918)
— Deferred income tax	**(65,027)**	—
	851,310	860,158

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	2017	2016
	US$	*US$*
Profit attributable to equity holders of the Company *(US$)*	**3,496,619**	1,017,620
Weighted average number of ordinary shares in issue	**1,806,000,000**	1,524,312,329
Basic earnings per share *(US$)*	**0.0019**	0.0007

For the year ended 31 December 2016, 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 financial year 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 2017 and 2016.

8 DIVIDENDS

No dividends were declared during the years ended 31 December 2017 and 2016.

9 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2017, the Group acquired property, plant and equipment amounting to approximately US$8.4 million (2016: approximately US$1.7 million).

10 INTANGIBLE ASSETS

During the year ended 31 December 2017, the Group spent approximately US$4.8 million on acquisition of intangible assets (2016: approximately US$2.4 million).

11 TRADE AND OTHER RECEIVABLES

	2017	2016
	US$	*US$*
Trade receivables	**758,437**	2,192,927
Less: Allowance for doubtful debt	**(34,597)**	—
	723,840	2,192,927
Other receivables	**117,686**	—
	841,526	2,192,927

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

During the years ended 31 December 2017 and 2016, the Group granted credit terms of 0 to 30 days to its customers.

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

	2017	2016
	US$	*US$*
Less than 30 days	**499,844**	1,119,414
30 days to 90 days	**175,424**	675,841
91 days to 180 days	**33,814**	297,736
Over 180 days	**49,355**	99,936
	758,437	2,192,927

As of 31 December 2017 and 2016, trade receivables of US$194,112 and US$1,073,513, 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:

	2017	2016
	US$	*US$*
Less than 30 days	**17,948**	354,242
30 days to 90 days	**127,979**	619,335
91 days to 180 days	**33,427**	99,936
Over 180 days	**14,758**	—
	194,112	1,073,513

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

12 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:

	2017	2016
	US$	*US$*
Less than 60 days	**1,917,091**	913,385
60 days to 120 days	**—**	148,620
	1,917,091	1,062,005

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

Trade payables are denominated in the following currencies:

	2017	2016
	US$	*US$*
US$	**1,917,091**	1,049,037
Euro	**—**	12,968
	1,917,091	1,062,005

13 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of the Company	Share capital *US$*	Share premium *US$*
Authorised:			
Ordinary share capital of HK$0.0005 each at 31 December 2017 and 2016	7,600,000,000	49,147	—
Issued and fully paid:			
At 1 January 2017 and 31 December 2017	1,806,000,000	11,700	12,384,133
At 1 January 2016	750,000,000	9,700	5,290,300
Sub-division of shares *(Note a)*	750,000,000	—	—
Issued shares under placing *(Note b)*	306,000,000	2,000	9,071,982
Share issue expenses	—	—	(1,978,149)
At 31 December 2016	1,806,000,000	11,700	12,384,133

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 of the Stock Exchange by way of placing at a price of HK$0.23 per share.

14 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 individuals and companies that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
CMON Holdings Limited	Ultimate holding company

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

(b) Key management compensation

The aggregate amount of emoluments paid/payable to Directors is as follows:

	2017	2016
	US$	*US$*
Wages and salaries	**510,637**	380,670
Discretionary bonuses	**421,647**	151,414
Directors' fees	**144,000**	12,000
Pension costs — defined contribution plans	**38,340**	32,616
	1,114,624	576,700

Details of the remunerations of the remaining 2 highest paid individuals (2016: 2) not in the capacity as a Director during the years are set out below:

	2017	2016
	US$	*US$*
Basic salaries, other allowances and benefits in kind	**239,872**	144,759
Contribution to pension scheme	**—**	3,520
	239,872	148,279

15 OPERATING LEASE COMMITMENTS

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

	2017	2016
	US$	*US$*
No later than 1 year	**550,468**	422,792
Later than 1 year and no later than 5 years	**1,966,084**	1,217,746
	2,516,552	1,640,538

16 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2017 and 2016.

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.

As at 31 December 2017, we offered a total of 64 games, comprising 60 board games, three miniature war games and one mobile game. Four of our board games, namely *Massive Darkness, Rising Sun, Zombicide: Green Horde* and *The World of SMOG: Rise of Moloch*, launched on Kickstarter were shipped during the year ended 31 December 2017.

Long-term strategies and outlook

It is the Group's strategies to achieve long-term growth through product diversification and channel diversification. Our strategies continue to be three pronged — refocusing our marketing efforts on our end users and the gamers, expanding into the largely untapped markets of Asia, particularly China, and strengthening our game design, licensing and intellectual property ("**IP(s)**") creation capabilities. This is in line with our objective to continuously expand our sales and marketing capabilities and to reach out to more gamers and at the same time, to publish more high-quality tabletop games and mobile games.

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 year ended 31 December 2017, we launched four Kickstarter games, namely *Rising Sun, Zombicide: Green Horde, The World of SMOG: Rise of Moloch* and *A Song of Ice & Fire: Tabletop Miniatures Game*, and raised approximately US$4.2 million, US$5.0 million, US$1.2 million and US$1.7 million, respectively. We also launched a Kictstarter game, namely *HATE*, in January 2018 and raised approximately US$1.5 million. We will continue to launch games that attract and retain a significant number of players so that we can grow our revenue base and sustain our competitive position. Besides, we will continue to strengthen our efforts to expand our geographical coverage with an aim to increase market share and capture more exposure in China, Thailand and Korea. In 2017, the Group acquired a property (the "**Headquarters**") located at 201 Henderson Road #07/08-01, Apex @ Henderson, Singapore 159545 as its global head office for business expansion and another property (the "**Property**") located at 201 Henderson Road #09-23/24, Apex @ Henderson, Singapore 159545, in the same building where the Headquarters is located, as a retail shop, show room and play test centre for its products to further strengthen the image and brand awareness of the Group. We have also set up a sales office in Canada which commenced operation in October 2017. In terms of management, we have appointed Mr. Jules Vautour, our sales director, as the chief operating officer of the Group since October 2017.

Financial review

Revenue

Our revenue increased by approximately 41.9% from approximately US$21.0 million for the year ended 31 December 2016 to approximately US$29.8 million for the year ended 31 December 2017, primarily due to the increase in revenue from board games. Revenue from board games increased by approximately 42.9% from approximately US$20.5 million for the year ended 31 December 2016 to approximately US$29.3 million for the year ended 31 December 2017, primarily due to sales from shipment of new board games launched since the second half of 2016, including *Massive Darkness, Rising Sun, Zombicide: Green Horde* and *The World of SMOG: Rise of Moloch*.

In terms of sales channels, revenue via Kickstarter increased from approximately US$11.5 million for the year ended 31 December 2016 to approximately US$20.6 million for the year ended 31 December 2017, mainly due to shipment of Kickstarter projects including *Massive Darkness, Rising Sun, Zombicide: Green Horde* and *The World of SMOG: Rise of Moloch* in 2017.

North America and Europe remained as our major markets, with North American and European sales made up approximately 90.0% and 92.4% of our total revenue combined for the years ended 31 December 2017 and 2016, respectively.

The following tables set out the 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			
	2017		2016	
	US$	*%*	*US$*	*%*
Board games	**29,301,745**	**98.3**	20,485,617	97.7
Miniatures war games	**365,440**	**1.2**	188,991	0.9
Mobile games	**9,098**	**—**	23,501	0.1
Sub-total	**29,676,283**	**99.5**	20,698,109	98.7
Other products	**140,457**	**0.5**	266,026	1.3
Total	**29,816,740**	**100.0**	20,964,135	100.0

By sales channels

	Year ended 31 December			
	2017		2016	
	US$	*%*	*US$*	*%*
Direct				
Kickstarter	**20,597,558**	**69.1**	11,468,346	54.7
Online store and game conventions	**870,213**	**2.9**	848,312	4.1
Mobile games	**9,098**	**—**	23,501	0.1
Wholesalers	**8,339,871**	**28.0**	8,623,976	41.1
Total	**29,816,740**	**100.0**	20,964,135	100.0

By geographical markets

	Year ended 31 December			
	2017		2016	
	US$	*%*	*US$*	*%*
North America	**15,602,540**	**52.3**	11,546,173	55.1
Europe	**11,230,864**	**37.7**	7,829,071	37.3
Oceania	**1,439,011**	**4.8**	794,214	3.8
Asia	**1,156,739**	**3.9**	626,047	3.0
South America	**373,586**	**1.3**	152,212	0.7
Africa	**14,000**	**—**	16,418	0.1
Total	**29,816,740**	**100.0**	20,964,135	100.0

Cost of sales

Our cost of sales increased by approximately 49.5% from approximately US$10.3 million for the year ended 31 December 2016 to approximately US$15.4 million for the year ended 31 December 2017 primarily due to the shipment of *Massive Darkness, Rising Sun, Zombicide: Green Horde* and *The World of SMOG: Rise of Moloch* products in 2017. Cost of inventories increased by approximately 45.8% from approximately US$7.2 million for the year ended 31 December 2016 to approximately US$10.5 million for the year ended 31 December 2017, which was in line with the increase in our revenue. Our shipping and handling charges increased by approximately 70.0% from approximately US$2.0 million for the year ended 31 December 2016 to approximately US$3.4 million for the year ended 31 December 2017, which was mainly due to the shipment of the four abovementioned Kickstarter projects and the temporary change in delivery logistics of our sales to wholesalers 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 during such period. Total depreciation and amortisation also increased by approximately US$0.5 million from approximately US$1.0 million for the year ended 31 December 2016 to approximately US$1.5 million for the year ended 31 December 2017, which was generally in line with the increase in the scale of our operations and game portfolio; and the addition of IP rights for *Rising Sun*, *The World of SMOG*, *The Grizzled*, *Massive Darkness* and *Zombicide: Green Horde* and capitalisation of product development costs during the year ended 31 December 2017. Write-downs of inventories to net realisable value of US$102,732 for the year ended 31 December 2017 were related to slow moving inventories with no sales during the year.

Gross profit and gross profit margin

Our gross profit increased by approximately 34.6% from approximately US$10.7 million for the year ended 31 December 2016 to approximately US$14.4 million for the year ended 31 December 2017 mainly due to the growth in revenue. Our gross profit margin decreased to approximately 48.2% for the year ended 31 December 2017 from approximately 51.1% for the year ended 31 December 2016 primarily due to the temporary change in delivery logistics during the first four months of 2016 and the increase in depreciation and amortisation for the year ended 31 December 2017 as explained in the paragraph headed "Cost of sales" above.

Other income

We recorded other income of US$111,502 for the year ended 31 December 2017, which was primarily related to sales of advertising space on our website and royalty income received from third parties. For the year ended 31 December 2016, other income was primarily related to mobile app development costs being recharged to a business partner; while no such income was recorded in profit or loss during the year ended 31 December 2017.

Exchange losses

We recorded exchange losses of US$73,530 for the year ended 31 December 2017 mainly resulted from the salaries of staff of the newly set up Canadian office which are denominated in Canadian dollars.

Selling and distribution expenses

Our selling and distribution expenses for the year ended 31 December 2017 were approximately US$4.6 million, representing an increase of approximately 100.0% from approximately US$2.3 million for the year ended 31 December 2016. This was primarily due to (i) an increase in employee benefit expenses from US$203,296 for the year ended 31 December 2016 to approximately US$1.7 million for the year ended 31 December 2017 as a result of increased head count in our sales team; and (ii) an increase in merchant account fees to approximately US$1.3 million for the year ended 31 December 2017 from US$685,704 for the year ended 31 December 2016 resulting from the increase in the amount of funding received from the Kickstarter projects launched during 2017.

General and administrative expenses

Our general and administrative expenses for the year ended 31 December 2017 were approximately US$5.4 million, representing a decrease of approximately 19.4% from approximately US$6.7 million for the year ended 31 December 2016. The decrease was primarily due to the absence of professional service fees in respect of our listing application on GEM for the year ended 31 December 2017 as we have successfully listed on GEM in December 2016, netted off by (i) an increase in games development expenses from US$97,740 for the year ended 31 December 2016 to US$675,967 for the year ended 31 December 2017 primarily due to more intensive game development work for our new games; and (ii) an increase in other professional fees from US$82,477 for the year ended 31 December 2016 to US$639,736 for the year ended 31 December 2017 primarily due to legal fee incurred for the acquisition of the Headquarters and the Property and fees related to consultants engaged for production, development and opening up of the China market and other professional services.

Finance costs

We recorded finance costs of US$35,621 for the year ended 31 December 2017 from the bank borrowings for the acquisition of the Headquarters and the Property.

Income tax expenses

Despite an approximately 131.5% increase in profit before income tax for the year ended 31 December 2017, our income tax expenses decreased by approximately 1.0% from US$860,158 for the year ended 31 December 2016 to US$851,310 for the year ended 31 December 2017. This was mainly because professional service fees incurred in respect of our listing application for the year ended 31 December 2016 was not tax-deductible.

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 increased by approximately 250.0% from approximately US$1.0 million for the year ended 31 December 2016 to approximately US$3.5 million for the year ended 31 December 2017 mainly due to the increases in revenue and gross profit as well as the absence of professional service fees in respect of our listing application on GEM for the year ended 31 December 2017, offset by the increase in selling and distribution expenses as mentioned above.

Liquidity and financial resources

During the year ended 31 December 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 GEM (the "**Placing**") and bank borrowings. As at 31 December 2016 and 2017, we had cash and cash equivalents of approximately US$6.6 million and US$2.9 million, respectively, which were cash at banks and on hand, denominated in US$, Canadian dollars, Singapore dollars, Hong Kong dollars and Euro.

The short-term and long-term bank borrowings of the Group increased from nil as at 31 December 2016 to US$134,774 and approximately US$3.3 million, respectively, as at 31 December 2017 as the Group applied the proceeds of the bank borrowings to finance the acquisition of the Headquarters and the Property. The bank borrowings for the Headquarters and the Property were secured by the Headquarters and the Property, respectively, a corporate guarantee from the Company and a charge over all fixed deposits placed with the bank. All the bank borrowings of the Group are 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 respective dates of the banking facility letters and at floating rates for subsequent years.

At 31 December 2017, the Group's borrowings were repayable as follows:

	2017	2016
	US$	*US$*
Within 1 year	**134,774**	—
Between 1 and 2 years	**116,312**	—
Between 2 and 5 yeas	**252,191**	—
Over 5 years	**2,902,679**	—
	3,405,956	—

Going forward, we intend to use external bank borrowings and internally generated funds to fund our working capital, game development activities, acquisition of IPs as well as the expansion plans as stated in the prospectus of the Company dated 25 November 2016 (the "**Prospectus**").

Treasury policies

The proceeds from the Group's sales made through Kickstarter are generally received prior to product delivery and therefore the Group does not expose 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 wholesalers and will adjust the credit extended to the wholesalers 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 2017, the capital structure of the Group consisted of bank borrowings, capital and reserves attributable to equity holders of the Company, comprising share capital, share premium, retained earnings, capital reserves and other reserves.

New games and their impact on the financial performance

During the year ended 31 December 2017, the Group shipped four Kickstarter games of which one, namely *Massive Darkness,* was launched in 2016 and three, namely *Rising Sun, Zombicide: Green Horde* and *The World of SMOG: Rise of Moloch,* were launched in 2017. These four Kickstarter games raised approximately US$14.0 million via the Kickstarter in total and all of which was recognized as revenue of the Group during the year ended 31 December 2017. We also launched *A Song of Ice & Fire: Tabletop Miniatures Game* in July 2017 with fund raising amount of approximately US$1.7 million and *HATE* in January 2018 with fund raising amount of approximately US$1.5 million via Kickstarter, respectively, and the shipments of which are expected to take place in the second quarter of 2018 and first quarter of 2019, respectively.

Significant investments, material acquisitions and disposals

During the year ended 31 December 2017, the Group acquired the IPs of *Rising Sun, The World of SMOG* and *The Grizzled* for US$920,000, US$500,000 and US$55,950, respectively. The Group also acquired the Headquarters as its global head office and the Property as its retail shop, show room and play test centre.

During the year ended 31 December 2017, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

Information on employees

As at 31 December 2017, the Group had 66 employees (31 December 2016: 47). Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and/or share options 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 2017 amounted to approximately US$3.5 million (2016: approximately US$2.3 million).

Charges on assets

As at 31 December 2017, the Headquarters and the Property with total net book value of approximately US$4.6 million and pledged deposit of US$200,000 were charged as collateral for bank borrowings (31 December 2016: nil).

Future plans for material investments

As at the date of this 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 finance our expansion plans primarily through internally generated funds and external borrowings.

Gearing ratio

As at 31 December 2017, the Group had short-term and long-term bank borrowings of US$134,774 (31 December 2016: nil) and approximately US$3.3 million (31 December 2016: nil), respectively.

As at 31 December 2017, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 39.2% (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$. 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 2017, the Group did not have any significant contingent liabilities (31 December 2016: nil).

Commitments

Other than operating lease commitments for our leased properties, we had no other capital and lease commitments as at 31 December 2016 and 2017. As at 31 December 2017, the Group's operating lease commitments were approximately US$2.5 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, we provide a remuneration package that rewards their performance and ties to the Group's results in order to retain our employees. Besides, 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 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 31 December 2017 is set out below:

Strategy	Business objectives for the period from 15 November 2016 to 31 December 2017	Actual business progress for the period from 15 November 2016 to 31 December 2017
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 (the "**Outstanding Kickstarter Projects**")	• Continued to develop the games as set out in the Game Pipeline • Shipped all the Outstanding Kickstarter Projects namely *Arcadia Quest: Inferno*, *Masmorra: Dungeons of Arcadia*, *Rum & Bones: Second Tide* and *Massive Darkness* • Launched and shipped three Kickstarter projects namely *Rising Sun, Zombicide: Green Horde* and *The World of SMOG: Rise of Moloch*; and launched a Kickstarter project namely *A Song of Ice & Fire: Tabletop Miniatures Game*
	• 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 seven newly hired staff in our sales and marketing team	• The Group has successfully maintained seven staff

Strategy	Business objectives for the period from 15 November 2016 to 31 December 2017	Actual business progress for the period from 15 November 2016 to 31 December 2017
	• Set up and maintain the existing sales office in Canada	• The Group has set up its sales office in Canada, which commenced operation in October 2017
	• 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 • Initiated contact with five new wholesalers
Further expansion into the mobile game market	• Develop our second mobile game, *Zombicide (mobile)*	• Continued to develop *Zombicide (mobile)*, which is expected to be launched in 2018

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 than expected listing expenses.

During the period from 15 November 2016, being the Latest Practicable Date as defined in the Prospectus, to 31 December 2017, the Group has utilised approximately HK$36.7 million of the net proceeds as follows:

	Adjusted use of proceeds in the proportion as stated in the Prospectus from 15 November 2016 to 31 December 2017	**Actual use of proceeds up to 31 December 2017**
	HK$ million	*HK$ million*
Developing high-quality tabletop games	17.5	16.6
Strengthening sales and marketing capability and broadening reach into new markets	10.2	6.9
Expanding into the mobile game market	1.6	—
Pursuing acquisition and licensing opportunities	8.6	8.3
Working capital and other general corporate purposes	4.9	4.9

As the mobile app development costs incurred during the period from 15 November 2016 to 31 December 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.

The Group has applied approximately HK$8.3 million of the net proceeds for the acquisition of the IPs of *The Others: 7 Sins*, *The Grizzled* and *The World of SMOG* during the period from 15 November 2016 to 31 December 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.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 April 2018 to Thursday, 26 April 2018, 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 26 April 2018 (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, 20 April 2018.

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 announcement, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the year ended 31 December 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 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 operation 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 year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2017, 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 2017.

REVIEW OF ANNUAL RESULTS

The figures in respect of the Group's results for the year ended 31 December 2017 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 2017. 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 2017 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, Chief Executive Officer and Executive Director

Singapore, 15 March 2018

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 website of GEM of the Stock Exchange 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.