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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 (the "Main Board") and no assurance is given that there will be a liquid market in the securities traded on GEM.

INTERIM RESULTS

The board of Directors (the "**Board**") presents the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding periods in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

		Three months ended 30 June		**Six months ended 30 June**	
		2019	2018	**2019**	2018
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Note	***US$***	*US$*	***US$***	*US$*
Revenue	2, 3	**6,011,534**	6,879,641	**12,820,010**	9,550,926
Cost of sales	4	**(2,790,870)**	(3,057,130)	**(6,948,961)**	(4,966,935)
Gross profit		**3,220,664**	3,822,511	**5,871,049**	4,583,991
Other income		**130,555**	100,253	**236,533**	316,899
Other (loss)/gain	5	**(279,432)**	27,370	**(297,843)**	17,504
Selling and distribution expenses	4	**(1,293,230)**	(1,115,347)	**(2,216,477)**	(1,592,133)
General and administrative expenses	4				
— Professional service fees in respect of the application for the proposed transfer listing of shares of the Company from GEM to Main Board (the "**Proposed Transfer of Listing**")		**(981,246)**	(343,025)	**(1,053,546)**	(449,174)
— Others		**(1,800,634)**	(1,210,465)	**(3,351,542)**	(2,825,948)
Operating (loss)/profit		**(1,003,323)**	1,281,297	**(811,826)**	51,139
Finance costs		**(160,541)**	(21,398)	**(270,225)**	(42,038)
(Loss)/profit before income tax		**(1,163,864)**	1,259,899	**(1,082,051)**	9,101
Income tax expense	6	**(52,963)**	(341,921)	**(65,562)**	(91,655)
(Loss)/profit for the period attributable to equity holders of the Company		**(1,216,827)**	917,978	**(1,147,613)**	(82,554)
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss					
Exchange difference on translation on foreign operations		**(2,181)**	2,204	**(2,349)**	1,671
Other comprehensive (loss)/income, net of tax		**(2,181)**	2,204	**(2,349)**	1,671
(Loss)/profit and total comprehensive (loss)/income for the period attributable to equity holders of the Company		**(1,219,008)**	920,182	**(1,149,962)**	(80,883)
(Loss)/earnings per share attributable to equity holders of the Company during the period					
Basic and diluted	7	**(0.00067)**	0.00051	**(0.00064)**	(0.00005)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2019 (Unaudited)** *US$*	As at 31 December 2018 (Audited) *US$*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**12,540,553**	12,346,061
Investments in insurance contracts		**1,167,710**	—
Intangible assets	10	**12,974,008**	13,128,860
Rights-of-use assets		**1,229,984**	—
		27,912,255	25,474,921
Current assets			
Inventories		**5,045,393**	3,567,678
Trade and other receivables	11	**4,453,360**	1,105,242
Prepayments and deposits		**5,609,471**	4,862,240
Pledged deposit		**200,000**	200,000
Cash and cash equivalents		**1,549,397**	2,849,799
		16,857,621	12,584,959
Total assets		**44,769,876**	38,059,880
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		**8,029,310**	9,176,923
Capital reserves		**780,499**	780,499
Share-based compensation reserves		**364,312**	163,363
Exchange reserves		**(24,668)**	(22,319)
Total equity		**21,545,286**	22,494,299

	Note	As at 30 June 2019 (Unaudited) US$	As at 31 December 2018 (Audited) US$
LIABILITIES			
Non-current liabilities			
Bank borrowings		**4,081,580**	4,408,357
Deferred income tax liabilities		**257,539**	265,458
Lease liabilities		**822,300**	—
		5,161,419	4,673,815
Current liabilities			
Trade payables	12	**1,800**	72,385
Accruals and other payables		**997,920**	1,088,823
Bank borrowings		**5,661,782**	3,864,897
Contract liabilities		**8,906,316**	3,691,363
Lease liabilities		**428,065**	—
Income tax payable		**2,067,285**	2,174,295
Amount due to ultimate holding company	14	**3**	3
		18,063,171	10,891,766
Total liabilities		**23,224,590**	15,565,581
Total equity and liabilities		**44,769,876**	38,059,880

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital (Unaudited) *US$*	Share premium (Unaudited) *US$*	Retained earnings (Unaudited) *US$*	Capital reserves (Unaudited) *US$*	Share-based compensation reserves (Unaudited) *US$*	Exchange reserves (Unaudited) *US$*	Total (Unaudited) *US$*
At 1 January 2019	**11,700**	**12,384,133**	**9,176,923**	**780,499**	**163,363**	**(22,319)**	**22,494,299**
Comprehensive loss							
Loss for the period	—	—	**(1,147,613)**	—	—	—	**(1,147,613)**
Other comprehensive loss	—	—	—	—	—	**(2,349)**	**(2,349)**
Employee share option granted	—	—	—	—	**200,949**	—	**200,949**
Total comprehensive loss	—	—	**(1,147,613)**	—	**200,949**	**(2,349)**	**(949,013)**
At 30 June 2019	**11,700**	**12,384,133**	**8,029,310**	**780,499**	**364,312**	**(24,668)**	**21,545,286**
At 1 January 2018	11,700	12,384,133	7,025,430	780,499	—	(994)	20,200,768
Comprehensive income/(loss)							
Loss for the period	—	—	(82,554)	—	—	—	(82,554)
Other comprehensive income	—	—	—	—	—	1,671	1,671
Total comprehensive income/ (loss)	—	—	(82,554)	—	—	1,671	(80,883)
At 30 June 2018	11,700	12,384,133	6,942,876	780,499	—	677	20,119,885

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	US$	*US$*
Net cash generated from operating activities	**1,157,483**	686,534
Net cash used in investing activities	**(3,444,140)**	(3,265,630)
Net cash generated from financing activities	**988,604**	1,468,481
Net decrease in cash and cash equivalents	**(1,298,053)**	(1,110,615)
Cash and cash equivalents at beginning of the period	**2,849,799**	2,850,318
Exchange difference	**(2,349)**	—
Cash and cash equivalents at end of the period	**1,549,397**	1,739,703

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The preparation of unaudited 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.

In the current period, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2018, as described in those consolidated financial statements.

As at 30 June 2019, the Group's current liabilities exceeded its current assets by US$1,205,550. Included in the current liabilities as at 30 June 2019 was the contract liabilities amounting to US$8,906,316 which are not ordinarily required to be refunded to the customers if the Group properly fulfils its obligations under the relevant terms of the contracts between the Group and the customers. Management has prepared cash flow projections which cover a period of twelve months from the date of this announcement. The directors of the Company have reviewed the Group's cash flow projections and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from the date of this announcement. In addition, the directors closely monitor the Group's liquidity position and financial performance to improve the Group's cash flows. The directors believe that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

(a) Application of new and amendments to IFRSs

The principal accounting policies used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2018, except for the following new and amendments to IFRSs issued by the IFRSs that are adopted for the first time for the current accounting period of the Group:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to 2015–2017 Cycle

Adoption of IFRS 16

The Group has changed its accounting policies following the adoption of IFRS 16 on 1 January 2019.

The Group leases office under non-cancellable operating leases expiring within 5 years. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

A leases is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(b) New standards and amendments to standards issued but not effective

New standards and amendments to standards are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2018 which have not come into effect for the financial year beginning 1 January 2019, and have not been early adopted by the Group in preparing the unaudited condensed consolidated financial statements. None of these is expected to have a significant effect on the unaudited condensed consolidated financial statements of the Group based on the preliminary assessment made by management.

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 2019 and 2018, revenue was earned from customers located in the following geographical areas:

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	US$	*US$*	***US$***	*US$*
North America	**409,124**	3,747,177	**6,018,363**	5,553,747
Europe	**3,314,351**	2,098,776	**3,919,533**	2,876,315
Oceania	**74,944**	378,924	**308,561**	433,139
Asia	**1,800,851**	565,446	**1,814,969**	592,260
South America	**412,264**	79,283	**758,584**	79,868
Africa	**—**	10,035	**—**	15,597
	6,011,534	6,879,641	**12,820,010**	9,550,926

3. REVENUE

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	US$	*US$*	***US$***	*US$*
Sales of products	**5,577,821**	6,757,198	**10,607,417**	9,211,514
Shipping income in connection with sale of products	**433,713**	122,443	**2,212,593**	339,412
	6,011,534	6,879,641	**12,820,010**	9,550,926

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	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	US$	*US$*	***US$***	*US$*
Cost of inventories	**1,396,202**	1,669,667	**4,388,334**	2,680,440
Shipping and handling charges	**751,669**	815,038	**1,286,573**	1,135,068
Employee benefit expenses	**882,545**	840,628	**1,637,778**	1,524,343
Share options expense	**100,475**	—	**200,949**	—
Professional service fees in the Proposed Transfer of Listing	**981,246**	343,025	**1,053,546**	449,174
Other professional fees	**7,208**	158,757	**125,896**	233,556
Merchant account fees	**113,453**	166,108	**222,315**	305,866
Royalty expenses	**128,928**	32,335	**287,178**	45,093
Marketing expenses	**435,301**	89,762	**577,655**	215,741
Depreciation	**610,043**	421,893	**1,201,956**	842,613
Amortisation	**504,231**	440,354	**994,283**	839,010
Games development expenses	**447,646**	223,870	**604,104**	473,841
Website maintenance fees	**64,528**	77,903	**144,667**	200,938
Operating lease rentals	**—**	120,120	**—**	266,811
Travelling expenses	**193,348**	173,272	**358,313**	379,209
Loss allowance	**40,830**	22,872	**66,162**	22,872
Bad debt written off	**35,759**	—	**35,759**	—
Other expenses	**172,568**	130,363	**385,058**	219,615
	6,865,980	5,725,967	**13,570,526**	9,834,190

Cost of sales for the three months ended 30 June 2019 and 2018 comprise principally cost of inventories, shipping and handling charges, depreciation of US$194,643 and US$197,968, amortisation of US$448,355 and US$374,457, respectively.

Cost of sales for the six months ended 30 June 2019 and 2018 comprise principally cost of inventories, shipping and handling charges, depreciation of US$391,523 and US$408,643, amortisation of US$882,531 and US$742,784, respectively.

5. OTHER (LOSS)/GAIN

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	US$	*US$*	***US$***	*US$*
Exchange (loss)/gain	**(6,721)**	27,370	**(25,132)**	17,504
Loss on investments in insurance contracts	**(272,711)**	—	**(272,711)**	—
	(279,432)	27,370	**(297,843)**	17,504

6. **INCOME TAX EXPENSE**

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	US$	*US$*	***US$***	*US$*
Current income tax expense	**52,963**	341,921	**65,562**	91,665

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 at the rate of 21% and Singapore corporate income tax at the rate of 17%.

7. **(LOSS)/EARNINGS PER SHARE**

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period 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	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit for the period attributable to equity holders of the Company (US$)	**(1,216,827)**	917,978	**(1,147,613)**	(82,554)
Weighted average number of ordinary shares in issue	**1,806,000,000**	1,806,000,000	**1,806,000,000**	1,806,000,000
Basic (loss)/earnings per share (US$)	**(0.00067)**	0.00051	**(0.00064)**	(0.00005)

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the three months and six months ended 30 June 2019 and 2018.

8. **INTERIM DIVIDEND**

The Board did not declare the payment of an interim dividend for the three months and six months ended 30 June 2019 (for the three months and six months ended 30 June 2018: Nil).

9. **PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2019, the Group acquired property, plant and equipment amounting to approximately US$1.2 million (for the six months ended 30 June 2018: approximately US$1.5 million).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group spent approximately US$0.8 million on acquisition of intangible assets (for the six months ended 30 June 2018: approximately US$1.7 million).

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 (Unaudited) ***US$***	As at 31 December 2018 (Audited) *US$*
Trade receivables	**4,335,273**	1,020,574
Less: Allowance for doubtful debt	**(66,162)**	(25,332)
	4,269,111	995,242
Other receivables	**184,249**	110,000
	4,453,360	1,105,242

During the six months ended 30 June 2019 and the year ended 31 December 2018, the Group granted credit terms of 0 to 60 days and 0 to 60 days to its customers, respectively.

As at 30 June 2019 and 31 December 2018, the ageing analysis of trade receivables by the date on which the respective sales invoices were issued is as follows:

	As at 30 June 2019 (Unaudited) ***US$***	As at 31 December 2018 (Audited) *US$*
Less than 30 days	**1,758,155**	499,791
30 days to 90 days	**2,314,189**	345,525
91 days to 180 days	**262,929**	48,864
Over 180 days	**—**	126,394
	4,335,273	1,020,574

12. TRADE PAYABLES

Payment terms with majority of the suppliers are on open account. Certain suppliers grant credit period ranging from 7 to 80 days.

An ageing analysis of trade payables as at 30 June 2019 and 31 December 2018 based on invoice dates is as follows:

	As at 30 June 2019 (Unaudited) ***US$***	As at 31 December 2018 (Audited) *US$*
Less than 60 days	**1,800**	429
60 days to 120 days	**—**	71,956
	1,800	72,385

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 on 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	7,600,000,000	49,147	

	Number of shares of the Company	**Share capital** *US$*	**Share premium** *US$*
Issued and fully paid:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	1,806,000,000	11,700	12,384,133

14. RELATED PARTY TRANSACTION

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 a related party:

Name	**Relationship with the Group**
CMoN Holdings Limited	Ultimate holding company

As at 30 June 2019 and 31 December 2018, 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**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	US$	*US$*	***US$***	*US$*
Wages and salaries	**136,923**	136,923	**273,846**	273,846
Discretionary bonuses	**—**	—	**—**	30,031
Directors' fees	**132,675**	85,617	**272,949**	172,016
Pension costs — defined contribution plans	**5,966**	4,488	**10,507**	8,976
	275,564	227,028	**557,302**	484,869

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). Since 2015, we also had started developing and launching mobile games. In 2018, we launched our first computer game.

We publish both self-owned games and licensed games, as well as 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. We plan to refocus our marketing efforts on our end users and the gamers, expand into the largely untapped markets of Asia, and further strengthen our game design, licensing and intellectual property 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, 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 six months ended 30 June 2019, the Group launched two Kickstarter games, namely *Munchkin Dungeon* and *Bloodborne: The Board Game* and raised approximately US$0.7 million and US$4.0 million, respectively. 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.

On 6 July 2018, the Company submitted a formal application to the Stock Exchange for the Proposed Transfer of Listing (the "**Application**") pursuant to Chapter 9A and Appendix 28 to the Rules Governing the Listing of Securities on the Stock Exchange. The Directors believe that the Proposed Transfer of Listing will further enhance the profile, brand and product awareness of the Group, which in turn will facilitate the Group to realise its objectives as stated above. Besides, a Main Board listing status will help the Group to explore future possible partnership opportunities with more sizable and reputable targets, which is favourable to the long-term business growth of the Group. Apart from business related advantages, the Proposed Transfer of Listing may also help to strengthen the shareholders base and value of the Group through improvement in the trading liquidity of the shares of the Company (the "**Shares**"), strengthening of confidence of the existing shareholders of the Company (the "**Shareholders**") as well as enhancing recognition by potential investors, in particular institutional investors. Therefore, the Directors consider that the listing of the Shares on the Main Board will be beneficial to the future growth and business development of the Group and is in the interest of the Company and its Shareholders as a whole. As the process has taken more than six months since the submission in July 2018, the Application had automatically lapsed in January 2019. On 4 April 2019, the Company made a re-submission of the Application in accordance with the published rules and guidance of the Stock Exchange for the renewal of the Application. Further announcement(s) will be made by the Company to keep the Shareholders informed of the progress of the Proposed Transfer of Listing as and when appropriate.

Financial Review

Revenue

Revenue increased by approximately 33.3% from approximately US$9.6 million for the six months ended 30 June 2018 to approximately US$12.8 million for the six months ended 30 June 2019. The increase in revenue was primarily due to the increase in revenue from wholesales sales.

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

	Six months ended 30 June			
	2019		2018	
	(Unaudited)		(Unaudited)	
	US$	*%*	*US$*	*%*
Direct				
Kickstarter	**1,938,301**	**15.1**	3,156,427	33.0
Online store and game conventions	**57,173**	**0.5**	455,250	4.8
Mobile games	**727**	**—**	2,834	—
Wholesalers	**10,823,809**	**84.4**	5,936,415	62.2
Total	**12,820,010**	**100.0**	9,550,926	100.0

Cost of Sales

Our cost of sales increased by approximately 38.0% from approximately US$5.0 million for the six months ended 30 June 2018 to approximately US$6.9 million for the six months ended 30 June 2019, which was primarily due to the increase in cost of inventories by approximately 63.0% from approximately US$2.7 million for the six months ended 30 June 2018 to approximately US$4.4 million for the six months ended 30 June 2019, which was mainly due to the increase in revenue during the period.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2019, our gross profit increased from approximately US$4.6 million for the six months ended 30 June 2018 to approximately US$5.9 million primarily due to the increase in revenue. Our gross profit margin decreased from approximately 48.0% for the six months ended 30 June 2018 to approximately 45.8% for the six months ended 30 June 2019, which was primarily due to increased wholesale sales with relatively lower gross profit margin than Kickstarter sales.

Other Income

Other income amounted to US$316,899 and US$236,533 for the six months ended 30 June 2018 and 2019, respectively, and the decrease was primarily related to the decrease in sales of advertising space on our website.

Selling and Distribution Expenses

Selling and distribution expenses amounted to approximately US$1.6 million and approximately US$2.2 million for the six months ended 30 June 2018 and 2019, respectively, and the 37.5% increase was primarily due to increased spending on marketing related activities.

General and Administrative Expenses

Our general and administrative expenses for the six months ended 30 June 2019 were approximately US$4.4 million, representing an increase of approximately 33.3% from approximately US$3.3 million for the six months ended 30 June 2018, which was primarily due to increased professional service fees in respect of the application for the Proposed Transfer of Listing and increased share options expense.

Income Tax Expenses

Our income tax expenses decreased by approximately 28.5% from US$91,655 for the six months ended 30 June 2018 to US$65,562 for the six months ended 30 June 2019 mainly because of the slight decrease in profit excluding the professional service fees in respect of our application for the Proposed Transfer of Listing incurred for the six months ended 30 June 2019 which were non tax-deductible.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2019, 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 at a price of HK$0.23 per Share on GEM of the Stock Exchange (the "**Placing**") and bank borrowings.

As at 30 June 2019, the Group was offered committed banking facilities amounting to approximately US$12.3 million (31 December 2018: approximately US$9.0 million). As at 30 June 2019, the Group's total bank borrowings were approximately US$9.7 million (31 December 2018: approximately US$8.3 million), of which (i) approximately US$3.4 million were denominated in Singapore dollars, with a tenor of 20 years and interests 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; and (ii) approximately US$6.3 million were denominated in United States dollars, with a tenor of 120 days to 4 years and interests charged at floating rates. Bank borrowings of approximately US$4.6 million were secured by the Group's properties in Singapore, a corporate guarantee from the Company and a charge over all fixed deposits placed with the relevant bank. As at 30 June 2019, the Group's borrowings were repayable as follows:

	As at 30 June 2019 (Unaudited) ***US$***	As at 31 December 2018 (Audited) *US$*
Within 1 year	**5,661,782**	3,864,897
Between 1 and 2 years	**650,015**	579,200
Between 2 and 5 years	**924,716**	1,017,223
Over 5 years	**2,506,849**	2,811,934
Total	**9,743,362**	8,273,254

As at 30 June 2019 and 31 December 2018, we had total cash and cash equivalents and pledged deposit of approximately US$1.7 million and US$3.0 million, respectively, which were cash at banks and on hand, denominated in United States dollars, Canadian dollars, Singapore dollars and Hong Kong 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 proceeds from the Group's sales made through Kickstarter are generally received prior to product delivery and therefore the Group is not exposed 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 on 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

As at 30 June 2019, 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, capital reserves and other reserves.

NEW GAMES AND THEIR IMPACT ON THE FINANCIAL PERFORMANCE

During the six months ended 30 June 2019, the Group launched two Kickstarter games, namely, *Munchkin Dungeon* and *Bloodborne: The Board Game* and raised approximately US$0.7 million and US$4.0 million, respectively.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2019, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

INFORMATION ON EMPLOYEES

As at 30 June 2019, the Group had 52 employees (30 June 2018: 67). 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, mandatory provident fund contributions and share options expense) for the six months ended 30 June 2019 amounted to approximately US$1.6 million (for the six months ended 30 June 2018: approximately US$1.5 million).

CHARGES ON ASSETS

As at 30 June 2019, properties with net book value of approximately US$4.4 million and pledged deposit of US$200,000 were charged as collateral for bank borrowings.

FUTURE PLAN FOR MATERIAL INVESTMENTS

As at the date of this announcement, the Group does not have concrete plans 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 acquisition 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 30 June 2019, the Group had short-term and long-term bank borrowings of approximately US$5.7 million and approximately US$4.1 million, respectively (31 December 2018: approximately US$3.9 million and approximately US$4.4 million).

As at 30 June 2019, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 51.9% (31 December 2018: approximately 40.9%).

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 2019, the Group did not have any significant contingent liabilities (31 December 2018: Nil).

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 2019, the Group has utilised approximately HK$53.1 million of the net proceeds as follows:

	Adjusted use of proceeds in the proportion as stated in the Prospectus *HK$ million*	**Actual use of proceeds up to 30 June 2019** *HK$ million*
Developing high-quality tabletop games	21.5	21.5
Strengthening sales and marketing capability and broadening reach into new markets	17.2	17.2
Expanding into the mobile game market	1.6	0.9
Pursuing acquisition and licensing opportunities	8.6	8.6
Working capital and other general corporate purposes	4.9	4.9

Besides, 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*.

Save as disclosed above, the Directors confirm that there were no material discrepancies between the actual and proposed use of proceeds from the Placing. The Directors intend to continue to apply the remaining net proceeds from the Placing of approximately HK$0.7 million in accordance with the uses and in the proportions as stated in the Prospectus.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

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 six months ended 30 June 2019. 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 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 by Directors in Securities Transactions

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 2019.

Interim Dividend

The Board does not declare any interim dividend for the six months ended 30 June 2019.

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 2019 and this announcement. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the six months ended 30 June 2019 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 Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Directors' and Controlling Shareholders' Interests in Competing Business

For the six months ended 30 June 2019, 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 2019 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 2019 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.

On behalf of the Board
CMON Limited
Ng Chern Ann
Chairman, Chief Executive Officer and Executive Director

Singapore, 2 August 2019

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.