

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code on Main Board: 1792)

(Stock Code on GEM: 8278)

TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Joint Sponsors



On 6 July 2018, an application was made by the Company to the Stock Exchange for the Transfer of Listing of the Shares from GEM to the Main Board and such application was renewed on 4 April 2019 and 18 October 2019, respectively. The Company has applied for the listing of, and permission to deal in, (i) 1,806,000,000 Shares in issue; and (ii) 180,600,000 Shares which may fall to be issued pursuant to the exercise of the share options which have been granted or may be granted under the Share Option Scheme, on the Main Board by way of Transfer of Listing from GEM to the Main Board.

The approval-in-principle has been granted by the Stock Exchange on 8 November 2019 for the Shares to be listed on the Main Board and de-listed from GEM. The last day of dealings in the Shares on GEM (stock code: 8278) will be 18 November 2019. Dealings in the Shares on the Main Board (stock code: 1792) will commence at 9:00 a.m. on 19 November 2019. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares as at the date of this announcement.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

The price and trading volume of the Shares have been volatile since the Company's listing on GEM. The Board is not aware of any reason for such volatility and the price and trading volume of the Shares may continue to be volatile. Attention of the Shareholders and potential investors of the Company is drawn to the potential risk and they are advised to exercise caution when dealing in the Shares.

References are made to the announcements of the Company dated 6 July 2018, 9 January 2019, 4 April 2019, 4 October 2019 and 18 October 2019 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to the relevant provisions of the GEM Listing Rules and the Main Board Listing Rules.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 6 July 2018, an application was made by the Company to the Stock Exchange for the listing of, and permission to deal in, (i) 1,806,000,000 Shares in issue; and (ii) 180,600,000 Shares which may fall to be issued pursuant to the exercise of the share options which have been granted or may be granted under the Share Option Scheme, on the Main Board by way of Transfer of Listing from GEM to the Main Board and such application was renewed on 4 April 2019 and 18 October 2019, respectively.

The approval-in-principle has been granted by the Stock Exchange on 8 November 2019 for the Shares to be listed on the Main Board and de-listed from GEM. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares as at the date of this announcement.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed on GEM since 2 December 2016. The Group is a hobby games publisher specialising in developing and publishing mainly tabletop games (including board games and miniature war games). The Group has also started developing and launching mobile games since 2015. In 2018, the Group launched its first computer game.

The Directors believe that the 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 to continuously expand its sales and marketing capabilities and reach out to more gamers and at the same time, publish more high-quality tabletop games, mobile

games and computer games. 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 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, strengthening of confidence of the existing 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 developments of the Group and is in the interest of the Company and its Shareholders as a whole.

As at the date of this announcement, the Board has no immediate plans to change the nature of the business of the Group following the Transfer of Listing.

The Transfer of Listing does not involve any issue of new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 2 December 2016, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (stock code: 8278) will be 18 November 2019. Dealings in the Shares on the Main Board (stock code: 1792) will commence at 9:00 a.m. on 19 November 2019.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in board lot of 10,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 17 November 2016 and took effect on 2 December 2016 to provide the Company with a flexible means of incentivising and/or to recognise and acknowledge the contributions that eligible persons have made or may make to the Group. Pursuant to the Share Option Scheme, the Board may, at its absolute discretion, make an offer to any employee (whether full time or part-time employee) of the Group including any executive Directors, non-executive Directors and independent non-executive Directors, advisers and consultants of the Group to take up share options to subscribe for Shares in accordance with the terms of the Share Option Scheme.

On 13 August 2018 and 25 September 2019, a total of 74,620,000 share options and 17,000,000 share options were granted under the Share Option Scheme with exercise price of HK\$0.232 per Share and HK\$0.112 per Share, respectively. As at the date of this announcement, no share options have been exercised, cancelled or lapsed. Therefore, a total of 180,600,000 Shares, representing 10% of the issued share capital of the Company, may fall to be issued upon exercise of the share options that have been granted or may be but not yet granted under the Share Option Scheme.

The Share Option Scheme will remain effective following the Transfer of Listing and will be implemented in compliance with the requirements of Chapter 17 of the Main Board Listing Rules. The listing of the Shares to be issued under the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Main Board Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY AND PUBLIC FLOAT

The following table sets out the shareholding structures of the Company as at the date of Listing and the date of this announcement:

Shareholders	As at the date of Listing and the date of this announcement	
	No. of Shares (Note 1)	Approximate %
Non-public Shareholders		
CA SPV (Note 2)	609,173,654	33.73%
DD SPV (Note 2)	261,074,424	14.45%
Magic Carpet Pre-IPO Fund (Note 3)	<u>322,669,232</u>	<u>17.87%</u>
Sub-total	1,192,917,310	66.05%
Public Shareholders		
Magumaki Limited (Note 4)	116,033,076	6.42%
Other Shareholders	<u>497,049,614</u>	<u>27.52%</u>
Sub-total	613,082,690	33.94%
Total	<u><u>1,806,000,000</u></u>	<u><u>100.00%</u></u>

Notes:

1. This column represents the actual number of Shares registered under the name of the respective Shareholders and does not include any deemed interests in the Shares and underlying Shares by virtue of the SFO.
2. The issued share capital of CA SPV is wholly-owned by Mr. Ng, an executive Director and the sole director of CA SPV. The issued share capital of DD SPV is wholly-owned by Mr. Doust, an executive Director and the sole director of DD SPV. Pursuant to the Acting-in-Concert Arrangement, Mr. Ng and Mr. Doust are deemed to be interested in the Shares and underlying Shares held by CA SPV, DD SPV and each other by virtue of the SFO. As at the date of this announcement, CA SPV and DD SPV are beneficially interested in 609,173,654 Shares and 261,074,424 Shares, respectively, and each of Mr. Ng and Mr. Doust is beneficially interested in 15,500,000 share options of the Company.
3. Magic Carpet Pre-IPO Fund is a private equity investment fund managed by Quantum Asset Management Pte. Ltd. (“**Quantum Asset**”) on a discretionary basis. Quantum Asset holds the only issued ordinary share of Magic Carpet Pre-IPO Fund and the preference shares in the capital of Magic Carpet Pre-IPO Fund are held by investors. Mr. Chua, a non-executive Director, beneficially owns approximately 99.99% of the issued share capital of Quantum Asset and is therefore deemed to be interested in the Shares held by Quantum Asset by virtue of the SFO. Mr. Chua is a director of Magic Carpet Pre-IPO Fund and is beneficially interested in 5,580,000 share options of the Company.

4. The issued share capital of Magumaki Limited is wholly-owned by Mr. David Preti, a senior management of the Group. Therefore, Mr. Preti is deemed to be interested in the Shares held by Magumaki Limited by virtue of the SFO. As at the date of this announcement, Mr. Preti is beneficially interested in 15,500,000 share options of the Company.
5. Certain percentage figures included in this table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Since Listing and up to the date of this announcement, there has been no change in the controlling shareholders of the Company, namely, Mr. Ng, Mr. Doust, CA SPV and DD SPV.

As at the date of this announcement, save as 91,620,000 share options granted under the Share Option Scheme, the Company has not issued any options, warrants or similar rights or convertible securities which will be transferred to the Main Board.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the latest practicable date for the purpose of compiling the shareholding analysis, i.e. 4 July 2019, the top three largest Shareholders were CA SPV, DD SPV and Magic Carpet Pre-IPO Fund, which, in aggregate, held 1,192,917,310 Shares, representing approximately 66.05%, of the issued share capital of the Company, whereas the top 20 and 25 Shareholders, in aggregate, held 1,534,860,000 Shares and 1,551,600,000 Shares, representing approximately 84.99% and 85.91% of the issued share capital of the Company, respectively. Save for the Shares held by CA SPV, DD SPV and Magic Carpet Pre-IPO Fund, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the remaining top 22 Shareholders, are all Independent Third Parties, collectively held 358,682,690 Shares, representing approximately 19.86% of the issued share capital of the Company, and the 3 largest public Shareholders, in aggregate, held 232,066,152 Shares, representing approximately 37.85% of the Shares in the public hands. Accordingly, not less than 25% of the total issued Shares were held by the public (as defined in the Main Board Listing Rules) and not more than 50% of the Shares in the public hands were beneficially owned by the three largest public Shareholders as at such date. Therefore, assuming there will be no substantial change in the shareholding of the Company, the Directors are of the view that the Company will comply with the minimum 25% public float requirement and the requirement of having not more than 50% of the Shares in the public hands being beneficially owned by the three largest public Shareholders under Rule 8.08(3) of the Main Board Listing Rules when the Company is listed on the Main Board.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at 4 July 2019, the Company had not less than 300 Shareholders. Therefore, assuming there will be no substantial change in the shareholding of the Company, the Directors are of the view that the Company will comply with the requirement of having not less than 300 Shareholders under Rule 8.08(2) of the Main Board Listing Rules when the Company is listed on the Main Board.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 2 May 2019 to the Directors to (i) allot and issue new Shares; (ii) repurchase Shares; and (iii) extend the general mandate granted to the Directors to issue new Shares by the number of the issued Shares repurchased by the Company will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the relevant resolutions.

PUBLICATION OF RESULTS

Upon completion of the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within two months and three months from the end of the relevant period or financial year, respectively. The Board is of the view that the investors and the Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Main Board Listing Rules.

COMPETING BUSINESSES

To the best knowledge of the Directors, as at the date of this announcement, none of the Directors and the controlling shareholders of the Company and their respective close associates has any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed pursuant to paragraph 10(11) of Appendix 28 to the Main Board Listing Rules.

Non-competition undertakings by the controlling shareholders of the Company

Pursuant to the deed of non-competition dated 17 November 2016 (the “**Original Non-Competition Deed**”) executed by Mr. Ng, Mr. Doust, CA SPV and DD SPV (being the controlling shareholders of the Company and as covenantors), they have given certain non-competition undertakings in favour of the Company (details of which please refer to the section headed “Relationship with Controlling Shareholders” in the Prospectus). Taking into consideration that the obligations of the covenantors, namely, Mr. Ng, Mr. Doust, CA SPV and DD SPV, under the Original Non-Competition Deed will cease upon the Transfer of Listing taking place by which the Shares will be delisted from GEM, the

parties have agreed to execute a new deed of non-competition (the “**New Non-Competition Deed**”) prior to the Transfer of Listing with terms materially the same as in the Original Non-Competition Deed, such that any references to the GEM Listing Rules in the Original Non-Competition Deed shall be amended as references to the Main Board Listing Rules (together with other consequential changes due to the Transfer of Listing as well as some other clerical changes). The New Non-Competition Deed will take effect from the date on which the Shares are first traded on the Main Board, i.e., from 19 November 2019. Save for the aforesaid amendments, all the provisions of the Original Non-Competition Deed (in particular the non-competition undertakings given by Mr. Ng, Mr. Doust, CA SPV and DD SPV) shall remain the same.

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE MAIN BOARD LISTING RULES

Pursuant to Rule 8.12 of the Main Board Listing Rules, a new applicant for primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer’s executive directors must be ordinarily resident in Hong Kong. Given that the Group’s core business and operations are based, managed and conducted in places outside Hong Kong, and none of the executive Directors is ordinarily resident in Hong Kong, the Company does not and will not, in the foreseeable future, have a management presence in Hong Kong. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 8.12 of the Main Board Listing Rules. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirements under Rule 8.12 of the Main Board Listing Rules on the condition that the Company will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and the Company:

- (a) the Company has appointed two authorised representatives pursuant to Rule 5.24 of the GEM Listing Rules (equivalent to Rule 3.05 of the Main Board Listing Rules), who have and will continue to act as the Company’s principal channel of communication with the Stock Exchange and ensure that the Group complies with the Main Board Listing Rules at all times. The two authorised representatives are Mr. Koh Zheng Kai, an executive Director and one of the joint company secretaries of the Company, and Ms. Ng Sau Mei, the other joint company secretary of the Company. Ms. Ng is ordinarily resident in Hong Kong. Although Mr. Koh resides in Singapore, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorised representatives is duly authorised to communicate on behalf of the Company with the Stock Exchange. The Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Ms. Ng has been authorised to accept service of legal process and notices in Hong Kong on

behalf of the Company. The contact details of each of the authorised representatives have been provided to the Stock Exchange. The Company will keep the Stock Exchange up to date in respect of any change to such details. The Company will only change the authorised representatives after notifying the Stock Exchange of such change and the reasons and having made appropriate replacement arrangements;

- (b) each of the authorised representatives has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and the Directors, the Company will implement a policy that (i) each Director will have to provide his office phone number, mobile phone number and email address to the authorised representatives; (ii) in the event that a Director expects to travel or is out of office, he will endeavour to provide the phone number of the place of his accommodation to the authorised representatives or maintain an open line of communication via his mobile phone; and (iii) each of the Directors and authorised representatives of the Company will provide his mobile phone number, office phone number and email address to the Stock Exchange;
- (c) each of the Directors (including the independent non-executive Directors) not being ordinarily resident in Hong Kong has confirmed that he possesses or can apply for valid travel documents to visit Hong Kong for business purpose and will be able to come to Hong Kong and meet with the relevant officers of the Stock Exchange within a reasonable period of time, when required; and
- (d) the Company will retain legal advisers to advise on ongoing compliance requirements and issues arising under the Main Board Listing Rules as well as other applicable laws and regulations in Hong Kong after the Transfer of Listing.

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.17 OF THE MAIN BOARD LISTING RULES

Pursuant to Rule 3.28 and Rule 8.17 of the Main Board Listing Rules, the secretary of the Company must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Mr. Koh has been appointed as one of the joint company secretaries since Listing. Mr. Koh joined the Group in October 2014 and is also an executive Director and the financial controller of the Group primarily responsible for the accounting and tax management of the Group. Mr. Koh has over 10 years of experience in accounting and finance. Mr. Koh's biographical details are set forth in the paragraph headed "Biographical Information of Directors and Senior Management" in this announcement.

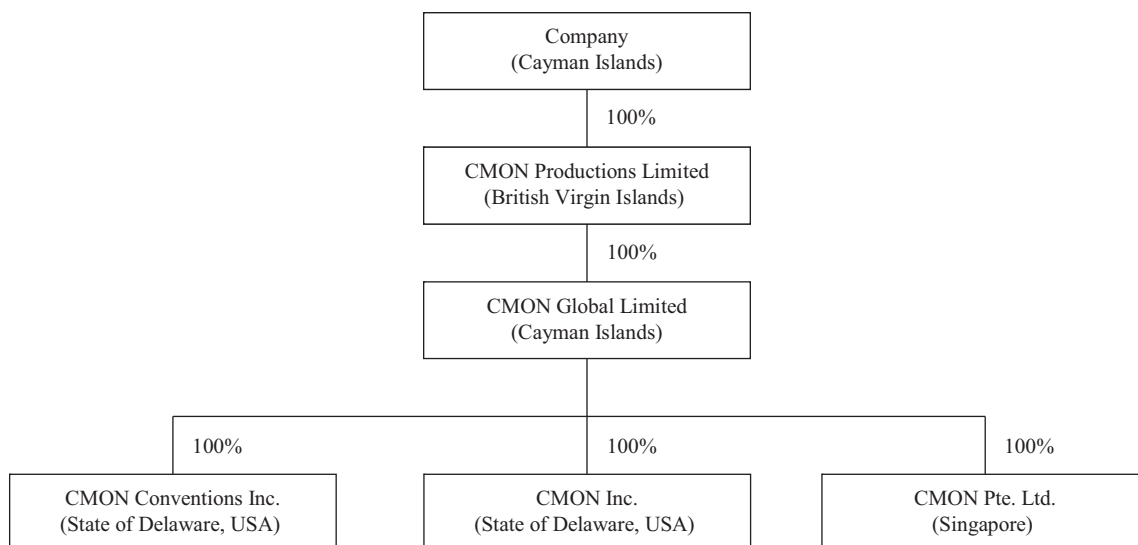
Although Mr. Koh has over 10 years of accounting related experience, at the time of the Listing in 2016, he did not possess the qualifications and sufficient relevant experience as stipulated in Notes to Rule 5.14 of the GEM Listing Rules (equivalent to Rule 3.28 of the Main Board Listing Rules). As such, the Company has appointed and engaged Ms. Ng who possesses the requisite qualifications and experience as required under Rule 5.14 of the GEM Listing Rules as the other joint company secretary so that Mr. Koh and Ms. Ng will jointly discharge their duties and responsibilities with reference to their past experience and education background.

In this connection, the Company had, prior to the Listing, applied to the Stock Exchange for, and the Stock Exchange has granted, the waiver from strict compliance with Rule 5.14 and Rule 11.07(2) under the GEM Listing Rules (equivalent to Rule 3.28 and Rule 8.17 of the Main Board Listing Rules, respectively) for a period of three years commencing from the date of Listing on 2 December 2016, on the condition that the Company engages Ms. Ng, who meets the requirements under Rule 5.14 of the GEM Listing Rules, as a joint company secretary to assist Mr. Koh in the discharge of his duties and responsibilities as a joint company secretary and in gaining the relevant experience as required under Rule 5.14 of the GEM Listing Rules. Since Listing, Mr. Koh has worked and will continue to work closely with Ms. Ng, who has provided and will continue to provide assistance to Mr. Koh in the discharge of his duty as company secretary.

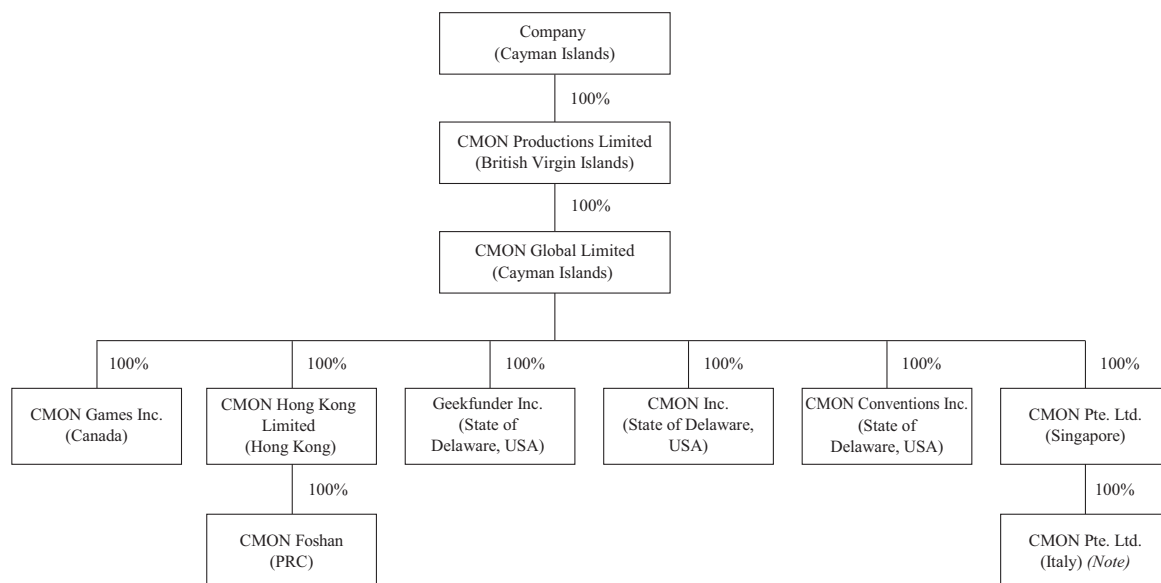
Pursuant to Rule 9A.12 of the Main Board Listing Rules, the effect of the above waiver granted by the Stock Exchange from strict compliance with Rule 5.14 and Rule 11.07(2) under the GEM Listing Rules (equivalent to Rule 3.28 and Rule 8.17 of the Main Board Listing Rules) shall, notwithstanding the Transfer of Listing, continue until its original expiry date, i.e. 1 December 2019.

CORPORATE STRUCTURE

The corporate structure of the Group on the date of Listing is set out below:



The corporate structure of the Group as at the date of this announcement is set out below:



Note: It is a representative office of CMON Pte. Ltd. in Italy. Up to the date of this announcement, it has only carried out marketing and promotional activities.

BUSINESS OF THE GROUP

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

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

As at the date of this announcement, the Group offered a total of 90 games, comprising 84 board games, three miniature war games, two mobile games and one computer game.

Strategies

The Group strives to become a leading developer and publisher of quality games in the hobby games industry. Save as nine pipeline games disclosed in the Prospectus which launch were either delayed or cancelled after assessing the expected market reaction and demand on the products based on the latest industry environment and performance of similar products, the Group has generally followed the business strategies and implementation plans as stated in the Prospectus since the Listing. For details of the nine delayed and/or cancelled games, please refer to the section headed “Comparison between Expected Implementation Plans with Actual Business Progress” in this announcement.

In particular, the Group targets to achieve long-term growth through product diversification and channel diversification. The Group plans to refocus its marketing efforts on its end users and gamers, and further strengthen its game design, licensing and IP creation capabilities to enhance the experience and satisfaction of the end users and gamers towards the Group’s products. This is critical to the continual development of the business of the Group as demand from end users and gamers will directly affect the Kickstarter performance of the Group as well as orders from wholesalers. Therefore, while the Group will continue to expand its wholesale network, it will simultaneously allocate more resources in direct marketing to end users and gamers, such as the enhancement of the Group’s own annual CoolMiniOrNot Expo and provision of more support to the legion, an individuals’ volunteer network programme of the Group, details of which are included in the paragraph headed “Business — Marketing — Tabletop games — The Legion” in the Prospectus. Besides, the Group has successfully hired various award winning creatives since the Listing to enhance its design and creation capabilities. The Group will also expand into the largely untapped markets of Asia, particularly the PRC. In view of this, Mr. Doust, one of the co-founders of the Group and the controlling shareholders of the Company, has moved to Singapore to oversee sales and marketing in China and East Asia markets during the year ended 31 December

2017. The above strategies are in line with the Group’s objective to continuously expand its sales and marketing capabilities and to reach out to more gamers and at the same time, publish more high-quality tabletop games, mobile games and computer games.

To strengthen its sales efforts, the Group had set up a sales office in Canada, which commenced operation in October 2017. To improve its marketing capability, the Group had also set up a representative office in Italy in September 2017. Besides, in order to increase its presence in China, the Group has set up CMON Foshan which has already commenced operation in October 2018. Up to the date of this announcement, CMON Foshan has only carried out marketing and promotional activities.

Since April 2017, the Group’s operation in the USA has moved from the property at 1290 Old Alpharetta Road, Forsyth County, Georgia to the property at Ridgeland Parkway, Forsyth County, Alpharetta, Georgia with total gross floor area of 85,800 square feet.

Games

As at the date of this announcement, the Group had 38 self-owned games, 27 licensed games and 25 third party games.

Self-owned games

During the period from 1 January 2016 to the date of this announcement, the Group had launched 21 new self-owned games, namely *Arcadia Quest: Riders*, *Council of Four*, *Foodies*, *HATE*, *Masmorra: Dungeons of Arcadia*, *Massive Darkness*, *Richard the Lionheart*, *Rising Sun*, *Rum & Bones: Second Tide*, *Sheriff of Nottingham*, *Sherlock*, *Starcadia Quest*, *Ta-Da!*, *The Grizzled: Armistice Edition*, *The World of SMOG: Rise of Moloch*, *Victorian Masterminds*, *XenoShyft: Dreadmire*, *Zombicide: 2nd Edition*, *Zombicide: Green Horde*, *Zombicide: Invader* and *Zombicide: Tactics & Shotguns*.

Licensed games

During the period from 1 January 2016 to the date of this announcement, the Group had launched 25 new licensed games. The following table sets out the key terms of the licensing agreements the Group had entered into for its licensed games launched during the period from 1 January 2016 to the date of this announcement.

	Game	Expiration	Licensor background	Exclusivity	Territory	Option to renew/ Renewal conditions
1.	<i>A Song of Ice & Fire: Tabletop Miniatures Game</i>	November 2019 ^(Note 5)	Game developer incorporated in the United States	Exclusive	Worldwide	Yes/The term of license may extend or modify upon mutual written agreement by the parties.
2.	a. <i>Bloodborne: The Card Game</i> b. <i>Bloodborne: The Board Game</i>	June 2021 ^(Note 2)	Video interactive entertainment console developer incorporated in the United States	Non-exclusive	United States, Canada and Brazil	Not applicable

	Game	Expiration	Licensor background	Exclusivity	Territory	Option to renew/ Renewal conditions
3.	<i>Blue Moon City</i>	December 2021	Game developer residing in Germany	Exclusive	Worldwide (excluding Poland)	Not specified ^(Note 3)
4.	<i>Cthulhu: Death May Die</i>	Three years from the last sale of the products ^(Note 1)	Game developer based in the United States	Exclusive	Worldwide	Not specified ^(Note 3)
5.	<i>Dojo Kun</i>	Three years from the last sale of the products ^(Note 1)	Game developer incorporated in Italy	Exclusive	Worldwide	Not specified ^(Note 3)
6.	<i>Dream On</i>	Three years from the last sale of the products ^(Note 1)	Game developers based in France	Non-exclusive	Unspecified	Not specified ^(Note 3)
7.	<i>Ethnos</i>	Three years from the last sale of the products ^(Note 1)	Game developer based in Italy	Exclusive	Worldwide	Not specified ^(Note 3)
8.	<i>Gateway Uprising</i>	Three years from the last sale of the products ^(Note 1)	Game developer incorporated in the United States	Exclusive	Worldwide	Not specified ^(Note 3)
9.	<i>Gekido: Bot Battles</i>	Three years from the last sale of the products ^(Note 1)	Game developer incorporated in Brazil	Non-exclusive	Unspecified	Not specified ^(Note 3)
10.	<i>Gizmos</i>	Three years from the last sale of the products ^(Note 1)	Game developer based in Australia	Exclusive	Worldwide	Not specified ^(Note 3)
11.	<i>God of War: The Card Game</i>	December 2021	Video interactive entertainment console developer incorporated in the United States	Non-exclusive	Worldwide	Not specified ^(Note 3)
12.	<i>Kick-Ass</i>	August 2021	Game developer incorporated in the United Kingdom	Exclusive	Worldwide	Not specified ^(Note 3)
13.	<i>Kronia</i>	February 2026	Game developers based in Brazil and the Czech Republic	Exclusive	Worldwide	Yes/Automatic renewal for further 10 year periods, unless either party gives notice at least six months in writing in advance to not extend the agreement.
14.	<i>Looterz</i>	Three years from the last sale of the products ^(Note 1)	Game developer incorporated in Brazil	Non-exclusive	Not specified	Not specified ^(Note 3)
15.	<i>Masques</i>	Three years from the last sale of the products ^(Note 1)	Game developer incorporated in France	Exclusive	Not specified	Not specified ^(Note 3)
16.	<i>Modern Art</i>	December 2021	Game developer based/ residing in Germany	Exclusive	Worldwide	Yes/The term of license will renew automatically from year to year, unless either party gives notice in writing six months in advance to terminate the license.
17.	<i>Munchkin Dungeon</i>	December 2022	Game developer incorporated in the United States	Exclusive	Not specified	Yes/The term of license will renew for a further three year periods upon making a further advance payment of US\$100,000 by the Group.
18.	<i>Narcos</i>	April 2021	Game developer based in the United States	Non-exclusive	United States, Canada, EU, United Kingdom	Not specified ^(Note 3)

	Game	Expiration	Licensor background	Exclusivity	Territory	Option to renew/ Renewal conditions
19.	<i>Play Me</i>	November 2021	Game developer incorporated in France	Exclusive	Worldwide	Yes/The term of license will continue to renew automatically for a further consecutive three year periods upon the completion of each three year period unless either party gives notice six months in advance to terminate or renegotiate the terms of the license.
20.	<i>Project: ELITE</i>	Three years from the last sale of the products ^(Note 1)	Game developer located in Greece	Exclusive	Not specified	Not specified ^(Note 3)
21.	<i>Sugarblast</i>	Three years from the last sale of the products ^(Note 1)	Game developer residing in the United States	Exclusive	Worldwide	Not specified ^(Note 3)
22.	<i>The Godfather: Corleone's Empire</i>	July 2019	Game developer incorporated in the United States	Non-exclusive	Worldwide	Not specified ^(Note 4)
23.	<i>Trudvang Legends</i>	Three years from the last sale of the products ^(Note 1)	Game developer located in Sweden	Exclusive	Worldwide	Not specified ^(Note 3)
24.	<i>Wacky Races</i>	December 2020	Entertainment company based in the United States	Non-exclusive	United States, Canada, EU, Middle East, Africa	Not specified ^(Note 3)

Notes:

1. The terms of these licenses depend on the last use of the licenses, which is defined as the last sale of the products based on the IPs under the relevant licensing agreements by the Group. During the six months ended 30 June 2019, except for (i) *Project: ELITE*, a Kickstarter game which was launched in the fourth quarter of 2018; (ii) *Sugarblast*, a game launched in 2018 but the production of which is still in progress; and (iii) *Trudvang Legends*, a Kickstarter game which was launched in July 2019, the Group recorded sales from games under all these licenses. The Kickstarter products of *Project: ELITE* shipped in the third quarter of 2019 and the Group has started to record sales from this game.
2. This license was renewed in May 2019.
3. These licenses have not yet expired since the first entering into of the license agreements by the Group. It is the current plan of the Group to renew the respective licenses upon expiry.
4. This license expired in July 2019.
5. The license expired on 1 November 2019. The Group is currently under negotiation with the licensor for the renewal terms. It is the intention of both the Group and the licensor to renew the license.

Since 1 January 2016 to the date of this announcement, save for (i) *Sedition Wars: Battle for Alabaster* the license of which expired in January 2016; (ii) *B-Sieged: Sons of the Abyss* the license of which expired in August 2018; and (iii) *The Godfather: Corleone's Empire* the license of which expired in July 2019 that the Group decided not to renew the licenses after considering the sales performance of these games, the Group had not terminated or decided not to renew any licensing agreements upon expiry. The Directors

consider that the non-renewal of the above-mentioned licensing agreements has no material adverse impact on the financial and operational position of the Group. The revenue contributed by the licensed games which the Group decided not to renew was US\$195,752, US\$973,668, US\$202,380 and US\$132,626 for the year ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively, representing approximately 0.9%, 3.3%, 0.7% and 1.0% of the total revenue of the Group during the respective year/period.

In general, around three months prior to the expiry of the licenses, the Group will decide whether to renew or extend the licenses after taking into account factors including but not limited to, historical and expected sales performance of the relevant games, and the business relationship with the licensors, etc.

Third party games

Since 1 January 2016 to the date of this announcement, the Group had launched 25 new third party games, including five board games namely *Krosmaster Arena*, *Krosmaster Quest*, *75 Gnom' Street*, *Gang Rush: Breakout* and *Kingz*, under the distribution agreement with a licensor. Although the Group has decided not to renew the distribution agreement with such licensor upon its expiry in January 2017 after taking into consideration of the sales performance of the products, as the Group continues to sell the remaining stocks which have already been purchased from the licensor, the five above-mentioned board games were still included in the Group's game portfolio as at the date of this announcement. The Directors consider that the non-renewal of the above-mentioned distribution agreement has no material adverse impact on the financial and operational position of the Group. Save as disclosed herein, the Group had not terminated or decided not to renew any other distribution agreements upon expiry during the period from 1 January 2016 to the date of this announcement.

The following table sets out the key terms of the distribution agreements the Group had entered into for its third party games launched during the period from 1 January 2016 to the date of this announcement.

	Licensor	Expiration	Products covered	Option to renew/Renewal conditions
1.	Licensor A	Terminated as at the date of this announcement	<i>Krosmaster Quest</i> , <i>Krosmaster Arena</i> , <i>75 Gnom' Street</i> , <i>Gang Rush: Breakout</i> and <i>Kingz</i>	Not specified
2.	Licensor B	2021	English language version of <i>Kreus</i> and <i>Waka Tanka</i>	Not specified
3.	Licensor C	2020	English and Chinese language version of <i>Way of the Panda</i>	Not specified
4.	Licensor D	2021	English language version of <i>Unusual Suspects</i>	Not specified
5.	Licensor E	2021	English, French and Spanish language versions of <i>Kaleidos</i>	Not specified
6.	Licensor F	2019 (<i>Note</i>)	English language version of <i>Cthulhu in the House</i> and <i>Rumble in the Dungeon</i>	Not specified
7.	Licensor G	2021	<i>Potion Explosion</i>	Not specified
8.	Licensor H	2019 (<i>Note</i>)	English language version of <i>Meeple War</i>	Not specified
9.	Licensor I	2021	English language version of <i>Banana Bandits</i>	Not specified
10.	Licensor J	2020	English language version of <i>13 Clues</i>	Yes/Automatic renewal from year to year, unless either party gives notice in writing 90 days in advance to terminate the license.

Note: It is the current intention of the Group to renew the distribution agreements upon expiry.

Save as disclosed above, during the period from 1 January 2016 to the date of this announcement, the Group has also distributed other third party games, namely *Dragon Castle*, *Lorenzo il Magnifico*, *Monstrous*, *Newton*, *Railroad Ink*, *Raise your Goblets*, *Unfair* and *Walls of York* by ordering the games from the relevant publishers without entering into any distribution agreement.

Besides, the Group entered into a license agreement with a reputable game company for the development, publishing and distribution of *Blood Rage Digital*, a computer game developed based on the Group's self-owned IP of *Blood Rage* licensed to the game company. As the game company holds all proprietary rights in and to the computer game, *Blood Rage Digital* is classified as a third party game of the Group. The agreement is effective for seven years from the last launch date of the game. The Group launched *Blood Rage Digital* via Kickstarter in December 2018 with fund raising amount of US\$769,502.

The table below sets out the detailed information of the games that the Group launched during the period from 1 January 2016 to the date of this announcement:

No.	Game	Launch date	Expected game life applicable to the Group (not less than) ^(Note 1)	Genre	Game type	Language(s)	MSRP (US\$)	Ownership as at the date of this announcement
1.	<i>13 Clues</i>	2018	3 years	Deduction	Board game	English	29.99	Third party
2.	<i>75 Gnom' Street</i>	2017	1 year	Strategy	Board game	English	49.99	Third party
3.	<i>A Song of Ice & Fire: Tabletop Miniatures Game</i>	2017	4 years	Fantasy	Tabletop miniature game	English, French, German, Italian, Mandarin Chinese, Russian, Spanish	149.99	Licensed
4.	<i>Arcadia Quest: Riders</i>	2018	10 years	Adventure	Board game	English, French, German, Portuguese, Spanish	64.99	Self-owned
5.	<i>Banana Bandits</i>	2017	5 years	Strategy	Board game	English	29.99	Third party
6.	<i>Bloodborne: The Card Game</i>	2016	6 years	Fantasy	Board game	Czech, English, French, Italian, Polish, Portuguese, Russian, Spanish	34.99	Licensed
7.	<i>Bloodborne: The Board Game</i>	2019	2 years	Fantasy	Board game	English	99.99	Licensed
8.	<i>Blood Rage Digital</i>	2018	7 years	Fantasy	Computer game	English	59.99	Third party
9.	<i>Blue Moon City</i>	2018	6 years	Strategy	Board game	English, Japanese, Portuguese	39.99	Licensed
10.	<i>Council of Four</i>	2018	10 years	Strategy	Board game	English, Italian	59.99	Self-owned
11.	<i>Cthulhu: Death May Die</i>	2018	4 years	Fantasy	Board game	English	99.99	Licensed
12.	<i>Cthulhu in the House</i>	2016	3 years	Party	Board game	English	24.99	Third party
13.	<i>Dojo Kun</i>	2017	5 years	Strategy	Board game	English, Spanish	49.99	Licensed
14.	<i>Dragon Castle</i>	2018	3 years	Family	Board game	English, Mandarin Chinese	49.99	Third party
15.	<i>Dream On</i>	2017	5 years	Storytelling	Board game	Czech, English, French, Hungarian, Italian, Polish, Spanish, Thai	19.99	Licensed
16.	<i>Eihnos</i>	2017	5 years	Strategy	Board game	Czech, English, French, German, Hungarian, Italian, Korean, Mandarin Chinese, Polish, Portuguese, Russian/Serbian, Spanish	39.99	Licensed
17.	<i>Foodies</i>	2019	10 years	Family	Board game	English	39.99	Self-owned
18.	<i>Gang Rush: Breakout</i>	2017	1 year	Strategy	Board game	English	74.99	Third party

No.	Game	Launch date	Expected game life applicable to the Group (not less than) ^(Note 1)	Genre	Game type	Language(s)	MSRP (US\$)	Ownership as at the date of this announcement
19.	<i>Gateway Uprising</i>	2017	5 years	Fantasy	Board game	English, French, Spanish	34.99	Licensed
20.	<i>Gekido: Bot Battles</i>	2017	3 years	Fighting	Board game	English	64.99	Licensed
21.	<i>Gizmos</i>	2018	4 years	Family	Board game	Czech, English, French, German, Hungarian, Italian, Korean, Mandarin Chinese, Polish, Portuguese, Romanian, Russian, Spanish, Thai	34.99	Licensed
22.	<i>God of War: The Card Game</i>	2019	3 years	Strategy	Board game	Czech, English, French, German, Italian, Portuguese, Romanian, Russian, Spanish	39.99	Licensed
23.	<i>HATE</i>	2018	10 years	Fantasy	Board game	English	120.00	Self-owned
24.	<i>Kaleidos</i>	2016	5 years	Party	Board game	English	39.99	Third party
25.	<i>Kick-Ass</i>	2018	3 years	Strategy	Board game	English, Hungarian, Italian, Portuguese, Spanish	59.99	Licensed
26.	<i>Kingz</i>	2016	1 year	Strategy	Board game	English	24.99	Third party
27.	<i>Kreus</i>	2016	5 years	Fantasy	Board game	English	24.99	Third party
28.	<i>Kronia</i>	2017	10 years	Fantasy	Board game	English, Hungarian, Mandarin Chinese	24.99	Licensed
29.	<i>Krosmaster Arena</i>	2016	1 year	Fantasy	Board game	English	69.99	Third party
30.	<i>Krosmaster Quest</i>	2016	1 year	Fantasy	Board game	English	89.99	Third party
31.	<i>Lootorz</i>	2016	6 years	Family	Board game	English, French, Hebrew, Hungarian, Italian, Korean, Mandarin Chinese, Polish, Portuguese, Spanish	24.99	Licensed
32.	<i>Lorenzo il Magnifico</i>	2017	3 years	Strategy	Board game	English	59.99	Third party
33.	<i>Masmorra: Dungeons of Arcadia</i>	2016	10 years	Chibi fantasy	Board game	English, French, German, Spanish	64.99	Self-owned
34.	<i>Masques</i>	2016	5 years	Fantasy	Board game	English	24.99	Licensed
35.	<i>Massive Darkness</i>	2016	10 years	Fantasy	Board game	English, French, German, Italian, Mandarin Chinese, Portuguese, Russian, Spanish	119.99	Self-owned
36.	<i>Meeple War</i>	2017	3 years	Strategy	Board game	English	39.99	Third party
37.	<i>Modern Art</i>	2017	4 years	Strategy	Board game	English	29.99	Licensed
38.	<i>Monstrous</i>	2016	3 years	Strategy	Board game	English	29.99	Third party
39.	<i>Munchkin Dungeon</i>	2019	3 years	Adventure	Board game	English	59.99	Licensed
40.	<i>Narcos</i>	2018	5 years	Strategy	Board game	Czech, English, French, Italian, Russian	54.99	Licensed
41.	<i>Newton</i>	2018	3 years	Strategy	Board game	English	59.99	Third party
42.	<i>Play Me</i>	2016	3 years	Fantasy	Board game	English	24.99	Licensed
43.	<i>Potion Explosion</i>	2016	5 years	Family	Board game	English	49.99	Third party
44.	<i>Project: ELITE</i>	2018	3 years	Strategy	Board game	English	99.99	Licensed
45.	<i>Railroad Ink</i>	2018	3 years	Family	Board game	English	19.99	Third party
46.	<i>Raise Your Golets</i>	2017	3 years	Deduction	Board game	English	49.99	Third party
47.	<i>Richard the Lionheart</i>	2017	10 years	Medieval	Board game	English, French, Hungarian, Portuguese, Spanish	69.99	Self-owned
48.	<i>Rising Sun</i>	2017	10 years	Strategy	Board game	Czech, English, French, German, Hungarian, Italian, Japanese, Mandarin Chinese, Portuguese, Polish, Russian, Spanish	99.99	Self-owned
49.	<i>Rum & Bones: Second Tide</i>	2016	10 years	Fantasy	Board game	English, Russian	99.99	Self-owned
50.	<i>Rumble in the Dungeon</i>	2016	3 years	Family	Board game	English	24.99	Third party

No.	Game	Launch date	Expected game life applicable to the Group (not less than) ^(Note 1)	Genre	Game type	Language(s)	MSRP (US\$)	Ownership as at the date of this announcement
51.	<i>Sheriff of Nottingham</i>	2016	10 years	Medieval	Board game	Bulgarian, Danish, English, French, Hungarian, Italian, Latvian, Mandarin Chinese, Polish, Portuguese, Romanian, Russian, Spanish, Thai	34.99	Self-owned
52.	<i>Sherlock</i>	2017	10 years	Strategy	Board game	English	29.99	Self-owned
53.	<i>Starcadia Quest</i>	2018	10 years	Adventure	Board game	English	79.99	Self-owned
54.	<i>Sugarblast</i>	2018	3 years	Family	Board game	English	39.99	Licensed
55.	<i>Ta-Da!</i>	2016	10 years	Family	Board game	English	24.99	Self-owned
56.	<i>The Godfather: Corleone's Empire</i> ⁽²⁾	2017	4 years	Strategy	Board game	Czech, English, French, German, Italian, Polish, Portuguese, Russian, Spanish	79.99	N/A
57.	<i>The Grizzled: Armistice Edition</i>	2018	10 years	Strategy	Board game	English, French, Portuguese	49.99	Self-owned
58.	<i>The World of SMOG: Rise of Moloch</i>	2017	10 years	Adventure	Board game	English, German, Hungarian	99.99	Self-owned
59.	<i>Trudvang Legends</i>	2019	3 years	Fantasy	Board game	English	100.00	Licensed
60.	<i>Unfair</i>	2017	3 years	Family	Board game	English	49.99	Third party
61.	<i>Unusual Suspects</i>	2016	5 years	Family	Board game	English, French, Spanish	29.99	Third party
62.	<i>Victorian Masterminds</i>	2018	10 years	Strategy	Board game	French, German, Hungarian, Italian, Portuguese, Spanish	49.99	Self-owned
63.	<i>Wacky Races</i>	2019	3 years	Strategy	Board game	English	44.99	Licensed
64.	<i>Waka Tanka</i>	2016	5 years	Family	Board game	English	24.99	Third party
65.	<i>Walls of York</i>	2019	3 years	Family	Board game	English	39.99	Third party
66.	<i>Way of the Panda</i>	2018	4 years	Strategy	Board game	English, French, German, Italian, Mandarin Chinese, Spanish	79.99	Third party
67.	<i>XenoShyft: Dreadmire</i>	2016	10 years	Science fiction	Board game	English, French, Spanish	59.99	Self-owned
68.	<i>Zombicide: 2nd Edition</i>	2019	10 years	Post-apocalyptic	Board game	English	100.00	Self-owned
69.	<i>Zombicide: Green Horde</i>	2017	10 years	Fantasy	Board game	Czech, English, French, German, Hungarian, Italian, Mandarin Chinese, Polish, Portuguese, Russian, Spanish, Thai	99.99	Self-owned
70.	<i>Zombicide: Invader</i>	2018	10 years	Science Fiction	Board game	English, French, German, Polish, Portuguese, Spanish	100.00	Self-owned
71.	<i>Zombicide: Tactics & Shotguns</i>	2019	10 years	Post-apocalyptic	Mobile game	English	4.99	Self-owned

Notes:

1. Save for *Zombicide: Black Plague*, the Directors estimate the expected game life of each of the self-owned games to be 10 years based on (i) the performance of the self-owned games according to their respective track records; (ii) the thematic element of the self-owned games supported by the artwork and design of each game; and (iii) the launching of sequel games to the original for some of the self-owned games as an extension strategy. This is a base estimate by the Directors and may be extended. The expected game lives of licensed games and third party games are principally based on the relevant licensing agreements and distribution agreements and may be extended accordingly based on the last major use of the licence or after renewal.
2. The licensing agreement for *The Godfather: Corleone's Empire* expired in July 2019.

For each of the three years ended 31 December 2018 and the six months ended 30 June 2019, the game which contributed the highest revenue was *Arcadia Quest: Inferno*, *Zombicide: Green Horde*, *Zombicide: Invader* and *Zombicide: Invader*, respectively. Please refer to the above table for the details of *Arcadia Quest: Inferno*, *Zombicide: Green Horde* and *Zombicide: Invader*.

During the year ended 31 December 2018, the Group has further expanded into the computer game market by launching the Group's first computer game, *Blood Rage Digital*, based on the Group's self-owned IP of *Blood Rage* on Kickstarter.

The Group partnered with a reputable game company, an Independent Third Party, for the development, publishing and distribution of *Blood Rage Digital*. Pursuant to the agreement with the game company, (i) the Group licenses its self-owned IP of *Blood Rage* to the game company for the development of the computer game; (ii) the Group and the game company will each share 50% of the development cost of the game; (iii) the net revenue generated from the computer game will be shared between the Group and the game company based on pre-determined ratios; and (iv) the game company will hold all proprietary rights in and to the computer game. The Directors are of the view that this arrangement is beneficial to the Group as the Group can leverage the expertise of the game company in the development of computer game and therefore enter into this new market with lower investment cost as compared with formulating its own development team.

The Group launched *Blood Rage Digital* on Kickstarter in December 2018 in the form of computer game and tabletop game package. Backers can either subscribe for the *Blood Rage* computer game or *Blood Rage* tabletop game or a combination of both. The total fund raising amount of *Blood Rage Digital* is US\$769,502. The shipment of the tabletop game products has been completed as at the Latest Practicable Date. Although it is stated on the Kickstarter website that the expected shipment of the *Blood Rage* computer game products will take place in the second half of 2019, the Directors expect that the actual shipment will be delayed to 2020. For the computer game products, an instruction with passcode will be sent to backers for them to download the game.

The Group believes computer game is an extension of its existing tabletop game business and mobile game business. Besides, the Group believes that computer games and mobile games are complementary to each other in nature, and will serve as a driving force for the demand and sale of the tabletop games of the Group, as customers of computer games and mobile games may become potential players of tabletop games, and vice-versa. Most importantly, level of loyalty of customers to the Group's brand and tabletop games may be enhanced when customers play computer games or mobile games of the same title as the tabletop games. Therefore, although the revenue contribution from mobile games and computer games may not be very significant, the Directors are of the view that it is necessary and beneficial to the Group to continue to explore the mobile games as well as

computer games market. Based on the latest development progress, it is expected that the shipment of *Blood Rage* computer game products will take place in 2020 as mentioned above.

Sales channels

The Group sells its games mainly through Kickstarter and to wholesalers. Save as the continuous expansion in the wholesale network due to business development by leveraging the success of the games launched through Kickstarter, there has been no material changes to the sales channels of the Group since the Listing.

The table below sets out the breakdown of revenue of the Group by sales channels during the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	2016		Year ended 31 December				Six months ended 30 June			
	US\$	%	2017		2018		2018		2019	
			US\$	%	US\$	%	US\$	%	US\$	%
							(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Direct										
Kickstarter	11,468,346	54.7	20,597,558	69.1	15,237,000	54.0	3,156,427	33.0	1,938,301	15.1
Online store and game conventions	848,312	4.1	870,213	2.9	1,235,755	4.4	455,250	4.8	57,173	0.5
Mobile games	23,501	0.1	9,098	—	4,007	—	2,834	—	727	—
Wholesalers	<u>8,623,976</u>	<u>41.1</u>	<u>8,339,871</u>	<u>28.0</u>	<u>11,730,649</u>	<u>41.6</u>	<u>5,936,415</u>	<u>62.2</u>	<u>10,823,809</u>	<u>84.4</u>
Total	<u>20,964,135</u>	<u>100.0</u>	<u>29,816,740</u>	<u>100.0</u>	<u>28,207,411</u>	<u>100.0</u>	<u>9,550,926</u>	<u>100.0</u>	<u>12,820,010</u>	<u>100.0</u>

Kickstarter

Kickstarter has remained as the Group's major sales channel since the Listing. According to the Ipsos Report, the Group has successfully raised US\$43.0 million with 31 projects on the Kickstarter platform from 2012 to 2018, which is the highest among the Kickstarter game creators in terms of fund raised. Since its establishment, although there were occasionally delays in product shipment, the Group has never failed to complete any of its Kickstarter projects launched. The table below sets out the salient details of the games launched on Kickstarter during the period from 1 January 2016 to the date of this announcement:

No.	Games	Launch Date	Total amount raised (US\$)	Number of backers	Funding goal (US\$)	Estimated commencement of delivery as stated % on the Kickstarter subscribed website
1.	<i>XenoShyft: Dreadmire</i>	January 2016	383,406	4,398	30,000	1,278 Completed
2.	<i>Masmorra: Dungeons of Arcadia</i>	February 2016	1,010,958	10,862	60,000	1,684 Completed
3.	<i>Rum & Bones: Second Tide</i>	April 2016	917,864	5,794	80,000	1,147 Completed
4.	<i>Massive Darkness</i>	June 2016	3,560,642	22,361	200,000	1,780 Completed
5.	<i>The World of SMOG: Rise of Moloch</i>	January 2017	1,174,130	7,892	70,000	1,677 Completed
6.	<i>Rising Sun</i>	March 2017	4,228,060	31,262	300,000	1,409 Completed
7.	<i>Zombicide: Green Horde</i>	May 2017	5,004,614	27,236	300,000	1,668 Completed
8.	<i>A Song of Ice & Fire: Tabletop Miniatures Game</i>	July 2017	1,690,466	9,040	300,000	563 Completed
9.	<i>HATE</i>	January 2018	1,469,489	10,227	200,000	735 Completed
10.	<i>Zombicide: Invader</i>	April 2018	3,352,208	18,486	250,000	1,341 Completed
11.	<i>Arcadia Quest: Riders</i>	May 2018	316,018	5,272	30,000	1,053 Completed
12.	<i>Cthulhu: Death May Die</i>	July 2018	2,412,286	15,831	200,000	1,206 Completed
13.	<i>Starcadia Quest</i>	August 2018	935,956	6,503	200,000	468 Completed
14.	<i>Project: ELITE</i>	October 2018	634,782	5,367	100,000	635 Completed
15.	<i>Blood Rage Digital</i>	December 2018	769,502	11,213	50,000	1,539 Second half of 2019
16.	<i>Munchkin Dungeon</i>	January 2019	701,618	6,444	200,000	351 Completed
17.	<i>Bloodborne: The Board Game</i>	April 2019	4,013,731	23,986	200,000	2,007 First half of 2020
18.	<i>Trudvang Legends</i>	July 2019	1,492,714	11,808	200,000	746 Second half of 2020
19.	<i>Zombicide: 2nd Edition</i>	October 2019	3,410,084	21,735	250,000	1,364 Second half of 2020

Note: The Group has launched a campaign via Kickstarter called *CMON Time Machine* in September 2019 to market certain of its existing games including *HATE*, *Rising Sun* and *Zombicide: Green Horde*.

The Group provides a non-binding best estimated delivery date when launching a project on Kickstarter, which is determined based on the previous experience of the Group in launching similar projects as well as the communication with the supply chain managers and third party creatives. Depending on actual production progress, the tabletop games launched by the Group may be delivered to backers and late subscribers earlier or later than such estimated delivery date. For the 19 games launched by the Group during the

period from 1 January 2016 to the date of this announcement, 15 of them have successfully finished shipping and completed. Among the 15 games which have finished shipping, 12 of them had shipped on or before the estimated delivery date and three of them had experienced delays ranging from one month to three months due to additional time required for production of multiple Kickstarter games concurrently.

Unless otherwise provided and mutually agreed upon by all relevant parties, Kickstarter's terms of use constitute the entire agreement among Kickstarter, a project creator and its backers and set forth each party's rights and obligations with regard to the use of Kickstarter website and the services provided by Kickstarter. Kickstarter's terms of use do not stipulate a specific date by which project creators must fulfill the rewards or require project creators to update backers on the progress of a project. Rather, project creators provide an estimated delivery date, which is a best estimate that project creators make a good faith effort to meet. Kickstarter's terms of use stipulate that the estimated delivery date is not a guarantee to fulfill the rewards by such date and ask the project creators to communicate with backers about any changes to the estimated delivery date. Although the estimated delivery date is not a guarantee but a non-binding best estimated delivery date by the Group, it is not guaranteed that the backers will not take any legal action against the Group if there is any delay in delivery.

If the project creator is unable to complete the project and fulfill rewards, it must make every reasonable effort to bring the project to the best possible conclusion, including (amongst others) (i) explaining what work has been done, how funds were used, what prevented the project creator from finishing the project as planned; (ii) demonstrating that they have used the funds appropriately and made every reasonable effort to complete the project as promised; and (iii) offering to return any remaining funds to backers who have not received their products under the projects. According to Kickstarter's terms of use, it does not get involved in disputes between a project creator and its backers.

The Group receives complaints from time to time from backers and late subscribers in relation to delay in delivery which takes place after the estimated delivery date. On the relevant Kickstarter page for the Group's games, the Group explicitly informs potential and actual backers of the risks of delay. In order to engage the backers and late subscribers and enhance customers' satisfaction, the Group provides regular update on the development progress, including shipping update of the games on the relevant Kickstarter page. Besides, the Group allows backers to request for refund anytime before the products are packaged for shipment. During the period from 1 January 2016 to the date of this announcement, the Group had not experienced any material claims or complaints, or received substantial amount of refund request, from the backers and late subscribers as a result of delay in delivery.

Wholesalers

Other than the above Kickstarter games launched, the Group had also launched through wholesalers a total of 51 new games during the period from 1 January 2016 to the date of this announcement.

The table below sets out the revenue contribution of the Group's games by sales channels during the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

Sales of our games by channels

	For the year ended 31 December 2016				For the year ended 31 December 2017				For the year ended 31 December 2018						
	Kickstarter US\$	Direct Online store and game conventions US\$	Mobile game US\$	Wholesalers US\$	Total US\$	Kickstarter US\$	Direct Online store and game conventions US\$	Mobile game US\$	Wholesalers US\$	Total US\$	Kickstarter US\$	Direct Online store and game conventions US\$	Mobile game US\$	Wholesalers US\$	Total US\$
13 Clues	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
75 Gnom · Street A Song of Ice & Fire: Tabletop Miniatures Game	—	—	—	—	—	—	969	—	26,241	—	—	—	—	23,793	27,698
Arcadia Quest	—	41,846	—	365,705	407,551	—	28,518	—	521,461	—	2,691,345	105,705	1,591,240	4,388,290	
Arcadia Quest: Inferno	—	—	—	—	3,729,156	14,488	7,260	—	298,925	—	—	63,904	520,078	583,982	
Arcadia Quest: Riders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Banana Bandits	—	—	—	—	—	—	2,400	—	35,934	—	456,920	102	57,327	514,247	
Blood Rage	101,485	20,425	—	1,881,407	2,003,317	—	15,566	—	720,402	—	—	40,921	173,389	214,310	
Bloodborne: The Card Game	—	32,070	—	224,021	256,091	—	9,744	—	372,679	—	—	25,740	319,368	345,108	
Blue Moon City	—	—	—	—	—	—	—	—	—	—	—	2,480	42,259	44,739	
B-Sieged: Sons of the Abyss	62,865	5,244	—	125,698	193,807	—	3,580	—	6,026	—	—	9,399	5,731	15,130	
Council of Four	—	—	—	—	—	—	—	—	—	—	—	10,049	94,897	104,946	
Cthulhu in the House	—	1,430	—	11,450	12,880	—	886	—	22,209	—	—	355	840	1,195	
Cthulhu: Death May Die	—	—	—	—	—	—	—	—	—	—	3,206,413	60,806	42,314	3,267,219	
Dark Age	—	52,435	—	23,164	75,599	—	168,930	—	74,735	—	—	64,605	2,441	106,919	
Dogs of War	—	548	—	6,966	7,514	—	4,580	—	7,543	—	—	993	19,131	3,434	
Dojo Kan	—	—	—	—	—	—	65	—	34,587	—	—	791	19,922	19,922	
Dragon Castle	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Dragon On	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Ethnos	—	—	—	—	—	—	1,188	—	8,780	—	—	23,450	199,053	222,503	
Gang Rush: Breakout	—	—	—	—	—	—	10,991	—	291,058	—	—	—	30,450	31,306	
Gateway Uprising	—	—	—	—	—	—	814	—	54,327	—	—	856	1,622	3,345	
Gekido: Bot Battles	—	—	—	—	—	—	5,492	—	19,314	—	—	1,723	368,292	405,594	
Gizmos	—	—	—	—	—	—	9,276	—	39,524	—	—	37,302	258	569	
Guilts of Cadwallon	—	830	—	775	1,605	—	123	—	604	—	2,289,683	311	—	2,289,683	
HATE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Kaleidos	—	1,560	—	13,708	15,268	—	318	—	2,333	—	—	252	772	1,024	
Kaosball	—	4,710	—	14,490	19,200	—	5,864	—	1,391	—	—	8,930	11,288	20,218	
Kick-Ass	—	—	—	—	—	—	—	—	—	—	—	17,177	61,411	78,588	
Kingz	—	10	—	—	10	—	496	—	9,140	—	—	—	—	—	
Kreus	—	2,210	—	—	2,210	—	335	—	15,386	—	—	254	—	254	
Kronia	—	—	—	—	—	—	580	—	35,738	—	—	241	493	734	
Krosmaster Arena	—	—	—	—	—	—	2,255	—	43,382	—	—	—	—	—	
Krosmaster Quest	—	7,434	—	154,526	161,960	—	2,119	—	2,815	—	—	—	—	—	
Looterz	—	2,872	—	40,920	43,792	—	1,670	—	23,755	—	—	1,925	16,106	18,031	
Lorenzo il Magnifico	—	—	—	—	—	—	6,300	—	104,895	—	—	59,446	59,387	119,033	
Masmorra: Dungeons of Arcadia	1,859,917	8,378	—	139,100	2,007,395	15,366	5,090	—	143,994	164,450	—	2,901	17,756	20,657	
Masques	—	347	—	10,320	10,667	—	268	—	2,587	2,855	—	207	72	279	
Massive Darkness	—	—	—	—	—	4,465,535	24,917	—	578,829	5,069,281	—	38,000	492,910	530,910	
Meeple War	—	—	—	—	—	—	124	—	30,488	30,612	—	1,121	4,201	5,322	
Modern Art	—	—	—	—	—	—	3,689	—	63,682	67,371	—	—	35,480	39,266	
Monstrous	—	60	—	—	60	—	420	—	16,915	17,335	—	100	8	108	
Narcos	—	—	—	—	—	—	—	—	—	—	—	3,320	31,762	35,082	
Newton	—	—	—	—	—	—	—	—	—	—	—	13,175	103,696	116,871	

Sales of our games by channels (continued)

	For the year ended 31 December 2016				For the year ended 31 December 2017				For the year ended 31 December 2018						
	Kickstarter US\$	Direct Online store and game conventions US\$	Mobile game US\$	Wholesalers US\$	Total US\$	Kickstarter US\$	Direct Online store and game conventions US\$	Mobile game US\$	Wholesalers US\$	Total US\$	Kickstarter US\$	Direct Online store and game conventions US\$	Mobile game US\$	Wholesalers US\$	Total US\$
<i>Play Me</i>	—	2,396	—	19,016	21,412	—	1,397	—	1,070	2,467	—	535	—	537	1,072
<i>Potion Explosion</i>	—	28,049	—	188,960	217,009	—	21,783	—	421,428	443,211	—	28,505	—	256,138	284,643
<i>Queen's Necklace</i>	—	323	—	3,324	3,647	—	396	—	2,048	2,444	—	546	—	2,072	2,618
<i>Railroad Ink</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	126,441	126,441
<i>Raise Your Goblets</i>	—	1,140	—	20	1,160	—	4,758	—	75,427	80,185	—	2,094	—	116,236	24,874
<i>Richard the Lionheart</i>	—	—	—	—	—	6,040,101	805	—	43,480	44,285	44,970	82,970	—	1,549,928	1,20,949
<i>Rising Sun</i>	—	—	—	—	—	—	—	—	7,331	7,331	—	24,630	—	5,178	29,808
<i>Rivet Wars</i>	—	12,995	—	24,988	37,983	—	34,396	—	52,587	68,081	—	5,682	—	3,546	9,228
<i>Rum & Bones</i>	91,296	19,243	—	135,682	246,221	—	15,494	—	237,169	269,422	—	14,135	—	47,596	61,731
<i>Rum & Bones: Second Tide</i>	1,867,661	—	—	7,350	8,800	17,798	600	—	21,184	21,784	—	409	—	2,419	2,828
<i>Rumble in the Dungeon</i>	—	1,450	—	—	1,450	—	—	—	—	—	—	—	—	—	—
<i>Sedition Wars: Battle for</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Alabaster</i>	—	169	—	1,776	1,945	—	—	—	—	—	—	—	—	—	—
<i>Sheriff of Nottingham</i>	—	—	—	155,750	155,750	—	600	—	20,315	20,915	—	665	—	86,120	86,785
<i>Sherlock</i>	—	—	—	—	—	—	—	—	—	—	—	274	—	2,289	2,563
<i>Starcadia Quest</i>	—	—	—	—	—	—	—	—	—	—	1,501,306	—	—	1,501,306	7,505
<i>Ta-Da!</i>	—	6,269	—	13,515	19,784	—	2,999	—	4,554	7,553	—	1,136	—	6,369	7,505
<i>The Goufather: Corleone's</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Empire</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>The Grizzled</i>	—	8,907	—	259,327	268,234	—	15,156	—	948,906	964,062	—	9,595	—	177,655	187,250
<i>The Grizzled: Armistice Edition</i>	—	—	—	—	—	—	—	—	159,592	159,592	—	35,613	—	143,476	179,089
<i>The Others: 7 Sins</i>	—	—	—	—	—	—	—	—	—	—	—	6,024	—	73,277	79,301
<i>The World of SMOG: On Her</i>	2,543,019	15,379	—	759,704	3,318,102	19,757	16,702	—	244,983	281,442	—	10,801	—	111,795	122,596
<i>Majesty's Service</i>	—	4,344	—	12,354	16,698	—	3,090	—	5,474	8,564	—	1,852	—	6,173	8,025
<i>The World of SMOG: Rise of</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Motoch</i>	—	—	—	—	—	1,901,318	—	—	12,348	1,913,666	78,787	7,820	—	61,179	147,786
<i>Unfair</i>	—	—	—	—	—	—	5,965	—	135,860	141,825	—	3,175	—	32,650	35,825
<i>Unusual Suspects</i>	—	9,380	—	59,196	68,576	—	1,771	—	10,486	12,257	—	1,749	—	17,472	19,221
<i>Victorian Masterminds</i>	—	—	—	—	—	—	—	—	—	—	—	1,574	—	3,480	5,054
<i>Waka Tanka</i>	—	550	—	2,595	3,145	—	108	—	449	557	—	55	—	285	340
<i>Way of the Panda</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	74,428	82,522
<i>Wrath of Kings</i>	—	44,999	—	68,393	113,392	—	74,882	—	46,912	121,794	—	57,136	—	31,064	88,200
<i>XenoShyft (mobile)</i>	—	—	23,501	—	23,501	—	—	9,098	—	9,098	—	—	4,007	—	4,007
<i>XenoShyft: Dreadnire</i>	713,072	3,240	—	24	716,336	13,271	5,982	—	49,340	68,593	—	1,985	—	3,538	5,523
<i>XenoShyft: Onslaught</i>	—	6,985	—	79,403	86,388	—	5,916	—	19,463	25,379	—	2,636	—	14,370	17,006
<i>Zombicide</i>	—	11,357	—	812,350	823,707	—	1,490	—	510,290	511,780	—	182,545	—	1,509,059	1,691,604
<i>Zombicide: Black Plague</i>	498,257	47,759	—	2,367,212	2,913,228	—	199,121	—	1,187,853	1,386,974	—	24,849	—	388,522	413,371
<i>Zombicide: Green Horde</i>	—	—	—	—	—	8,109,924	—	—	—	8,109,924	116,406	899	—	1,316,121	1,433,426
<i>Zombicide: Invader</i>	—	—	—	—	—	—	—	—	—	—	4,851,170	16,246	—	—	4,867,416
<i>Zombicide: Season 2</i>	—	9,439	—	232,636	242,075	—	2,662	—	201,695	204,357	—	—	—	287,952	287,952
<i>Zombicide: Season 3</i>	1,618	265,980	—	253,852	521,450	—	4,120	—	163,206	167,326	—	—	—	226,765	226,765
Total revenue from games	11,468,346	687,242	23,501	8,519,020	20,698,109	20,597,558	759,475	9,098	8,310,152	29,676,283	15,237,000	1,182,316	4,007	11,425,804	27,849,127
Other products	—	161,070	—	104,956	266,026	—	110,738	—	29,719	140,457	—	53,439	—	304,845	358,284
Total	11,468,346	848,312	23,501	8,623,976	20,964,135	20,597,558	870,213	9,098	8,339,871	29,816,740	15,237,000	1,235,755	4,007	11,730,649	28,207,411

Sales of our games by channels (continued)

	For the six months ended 30 June 2018					For the six months ended 30 June 2019				
	Kickstarter US\$ (Unaudited)	Online store and game conventions US\$ (Unaudited)	Mobile game US\$ (Unaudited)	Wholesalers US\$ (Unaudited)	Total US\$ (Unaudited)	Kickstarter US\$ (Unaudited)	Online store and game conventions US\$ (Unaudited)	Mobile game US\$ (Unaudited)	Wholesalers US\$ (Unaudited)	Total US\$ (Unaudited)
13 Clues	—	2,466	—	23,771	26,237	—	—	—	7,726	7,726
75 Gnom' Street	—	—	—	419,630	3,093,323	—	—	—	156,097	156,097
A Song of Ice & Fire: Tabletop Miniatures Game	2,673,693	—	—	229,919	243,621	—	30,958	—	966,465	996,523
Arcadia Quest	—	13,702	—	—	—	—	2,161	—	187,106	189,267
Arcadia Quest: Inferno	—	—	—	—	—	—	—	—	120,126	120,126
Arcadia Quest: Riders	456,920	—	—	—	456,920	—	—	—	—	—
Banana Bandits	—	102	—	80	182	—	30	—	105	135
Blood Rage	—	9,015	—	173,389	182,404	—	162	—	121,131	121,293
Bloodborne: The Card Game	—	11,303	—	150,319	161,622	—	593	—	147,921	148,514
Blue Moon City	—	—	—	—	—	—	—	—	84,930	84,930
B-Sieged: Sons of the Abyss	—	3,337	—	5,731	9,068	—	—	—	—	—
Council of Four	—	10,049	—	87,881	97,930	—	12	—	110,396	110,408
Cthulhu in the House	—	260	—	568	828	574,841	—	—	7,790	7,790
Cthulhu: Death May Die	—	—	—	—	—	—	—	—	209,361	209,361
Dark Age	—	60,315	—	38,652	98,967	—	12	—	22,169	22,181
Dogs of War	—	655	—	2,441	3,096	—	12	—	456	468
Dojo Kun	—	791	—	17,319	18,110	—	—	—	67,537	67,537
Dragon Castle	—	4,902	—	165,131	170,033	—	20	—	32,418	32,438
Dream On	—	524	—	108,369	108,893	—	232	—	36,642	36,874
Ethnos	—	3,454	—	90,141	93,595	—	1,020	—	161,647	162,667
Foodies	—	—	—	—	—	—	—	—	57,483	57,483
Gang Rush: Breakout	—	—	—	—	—	—	—	—	141,382	141,382
Gateway Uprising	—	372	—	30,450	30,822	—	—	—	12,534	12,534
Gekido: Bot Battles	—	1,453	—	1,617	3,070	—	—	—	191,411	191,411
Gizmos	—	—	—	43,395	43,395	—	213	—	153,784	153,997
God of War: The Card Game	—	—	—	—	—	—	—	—	34,473	34,473
Guilds of Cadwallon	—	283	—	258	541	—	—	—	1,274	1,274
HATE	—	—	—	—	—	545,605	472	—	27,123	27,123
Kateldos	—	252	—	772	1,024	—	—	—	49,247	49,247
Kaoshall	—	4,430	—	4,828	9,258	—	102	—	32,640	32,742
Kick-Ass	—	—	—	—	—	—	2,715	—	73,864	76,579
Kreus	—	186	—	—	186	—	5	—	—	5
Kronia	—	241	—	63	304	—	5	—	123	128
Krosmaster Quest	—	—	—	—	—	—	—	—	146,414	146,414
Looterz	—	1,034	—	10,463	11,497	—	—	—	40,847	40,847
Lorenzo il Magnifico	—	11,217	—	59,587	70,804	—	62	—	30,231	30,293
Masmorra: Dungeons of Arcadia	—	2,643	—	10,434	13,077	—	52	—	5,987	6,039
Masques	—	126	—	72	198	—	—	—	—	—
Massive Darkness	—	10,824	—	256,960	267,784	—	393	—	87,235	87,628
Meeples War	—	1,032	—	3,202	4,234	—	8	—	63,294	63,302
Modern Art	—	1,086	—	32,864	33,950	—	—	—	34,411	34,411
Monstrous	—	100	—	8	108	—	30	—	104,463	104,493
Narcos	—	—	—	—	—	—	960	—	227,801	228,761
Newton	—	—	—	—	—	—	68	—	110,930	110,998
Play Me	—	535	—	362	897	—	43	—	57,473	57,516

Sales of our games by channels (continued)

	For the six months ended 30 June 2018				For the six months ended 30 June 2019					
	Direct		Online store and		Direct		Online store and			
	Kickstarter US\$ (Unaudited)	game conventions US\$ (Unaudited)	Mobile game US\$ (Unaudited)	Wholesalers US\$ (Unaudited)	Total US\$ (Unaudited)	Kickstarter US\$ (Unaudited)	game conventions US\$ (Unaudited)	Mobile game US\$ (Unaudited)	Wholesalers US\$ (Unaudited)	Total US\$ (Unaudited)
Potion Explosion	—	9,331	—	244,116	253,447	—	873	—	201,843	202,716
Queen's Necklace	—	546	—	1,728	2,274	—	6	—	222	228
Railroad Ink	—	—	—	16,721	16,721	—	—	—	7	7
Raise Your Goblets	—	—	—	—	—	—	148	—	8,403	8,551
Richard the Lionheart	—	1,666	—	116,236	117,902	—	—	—	8,024	8,024
Rising Sun	—	82,970	—	1,297,822	1,380,792	—	603	—	229,011	229,614
River Wars	—	13,764	—	5,178	18,942	—	—	—	687,547	687,547
Rum & Bones	—	3,024	—	3,546	6,570	—	1,060	—	9,936	10,996
Rum & Bones: Second Tide	—	7,801	—	47,596	55,397	—	61	—	165,016	165,077
Rumble in the Dungeon	—	409	—	866	1,275	—	—	—	68,971	68,971
Sheriff of Nottingham	—	—	—	10,500	10,500	—	—	—	85,849	85,849
Sherlock	—	274	—	646	920	—	—	—	776	776
Starcadia Quest	—	—	—	—	—	—	—	—	—	—
Starcadia Quest	—	—	—	—	—	196,165	—	—	—	196,165
Tae-Dal	—	1,136	—	3,690	4,826	—	25	—	616	641
The Godfather: Corleone's Empire	—	4,484	—	51,949	56,433	—	52	—	132,574	132,626
The Grizzled	—	890	—	74,121	75,011	—	1,584	—	66,986	68,570
The Grizzled: Anniversary Edition	—	—	—	—	—	—	313	—	236,961	237,274
The Others: 7 Sins	—	3,441	—	60,288	63,729	—	673	—	119,471	120,144
The World of SMOG: On Her Majesty's Service	—	1,421	—	5,000	6,421	—	—	—	766	766
The World of SMOG: Rise of Moloch	—	7,783	—	54,686	62,469	—	—	—	55,676	55,676
Unfair	—	1,210	—	22,240	23,450	—	10	—	123	133
Unusual Suspects	—	797	—	12,523	13,320	—	102	—	3,172	3,274
Victorian Masterminds	—	—	—	—	—	—	2,597	—	273,172	275,769
Wacky Races	—	—	—	—	—	—	1,595	—	134,263	135,858
Waka Tanka	—	55	—	216	271	—	—	—	—	—
Walls of York	—	—	—	—	—	—	8	—	1,133	1,141
Way of the Panda	—	3,322	—	74,428	77,750	—	—	—	408	408
Wrath of Kings	—	17,835	—	28,629	46,464	—	442	—	325,026	325,468
XenoShyft (mobile)	—	—	2,834	—	2,834	—	—	727	—	727
XenoShyft: Dreadnire	—	761	—	2,463	3,224	—	56	—	217,520	217,576
XenoShyft: Onslaught	—	841	—	10,198	11,039	—	—	—	7,770	7,770
Zombicide	—	105,428	—	800,746	906,174	—	518	—	318,318	319,036
Zombicide: Black Plague	—	18,991	—	388,522	407,513	—	1,402	—	247,278	248,680
Zombicide: Green Horde	—	899	—	277,652	304,365	—	695	—	501,659	502,354
Zombicide: Invader	25,814	—	—	—	25,814	—	—	—	1,275,197	1,896,887
Zombicide: Season 2	—	—	—	215,192	215,192	—	136	—	265,835	265,971
Zombicide: Season 3	—	—	—	110,603	110,603	—	312	—	125,405	125,717
Total revenue from games	3,156,427	445,768	2,834	5,906,777	9,511,806	1,938,301	52,711	727	9,899,581	11,891,320
Other products	—	9,482	—	29,638	39,120	—	4,462	—	924,228	928,690
Total	3,156,427	455,250	2,834	5,936,415	9,550,926	1,938,301	57,173	727	10,823,809	12,820,010

The Group's games were mainly sold through Kickstarter and wholesalers, which in aggregate accounted for approximately 95.8%, 97.1%, 95.6% and 99.5% of the Group's total revenue for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively.

The Group's tabletop games that are launched through Kickstarter generally record higher revenue during the first year of shipping as all funds received in advance from the Kickstarter backers and late subscribers are recognised as revenue once the products are shipped. When all the orders from the Kickstarter have been fulfilled, the Group usually will not record any sales from Kickstarter for a particular game and subsequent sales of the game will be generated from wholesalers, game conventions and online stores. However, in September 2019, the Group launched a Kickstarter campaign called *CMON Time Machine* to market certain of its existing games including *HATE*, *Rising Sun* and *Zombicide: Green Horde*. Therefore, it is expected that the Group will record sales from Kickstarter for those games for the year ending 31 December 2019.

Upon the games being launched through Kickstarter, the Group will contact the wholesalers to gauge their level of interest in a new game. To the best knowledge, information and belief of the Directors, the wholesalers usually decide the size of their first few orders of each game with reference to its sales performance on Kickstarter. After that, the wholesalers will decide subsequent order size based on the actual sales performance of the game. As tabletop games usually attract higher awareness and interest from players at the beginning, orders from wholesalers usually show a decreasing trend and tend to stabilise in one to two years' time after the game was first available for sale. However, a successful or popular tabletop game may enjoy sustained demand from the market over a long period of time, especially when the sequel products are launched. Therefore, the Group still records sales from some of its tabletop games which were launched several years ago.

Sales of games launched through Kickstarter with products being shipped during the Reporting Period

(i) Kickstarter games first shipped during the year ended 31 December 2016

For *Arcadia Quest: Inferno*, *Masmorra: Dungeons of Arcadia*, *Rum & Bones: Second Tide* and *The Others: 7 Sins*, their respective game products were first shipped during the year ended 31 December 2016. In particular, except for *The Others: 7 Sins*, the shipment of the other three games took place by the end of 2016 and therefore all these three games continued to record sales from Kickstarter during the year ended 31 December 2017 as the Group continued to fulfill the Kickstarter orders in 2017. Besides, as the shipment in 2016 was mainly for the purpose of fulfilling Kickstarter orders, minimal or even no sales from wholesalers were recorded from *Arcadia Quest: Inferno*, *Masmorra: Dungeons of Arcadia* and *Rum & Bones: Second Tide* during the year ended 31 December 2016. The Group continued to generate revenue from these games through sales to wholesalers during the two years ended 31 December 2018 and the six months ended 30 June 2019. Kickstarter games first

shipped during the year ended 31 December 2016 generated revenue from Kickstarter and wholesalers of approximately US\$10.0 million and US\$898,804 for the year ended 31 December 2016, US\$67,409 and US\$925,071 for the year ended 31 December 2017, nil and US\$177,147 for the year ended 31 December 2018 and nil and US\$410,600 for the six months ended 30 June 2019, respectively.

(ii) *Kickstarter games first shipped during the year ended 31 December 2017*

For *Massive Darkness*, *Rising Sun*, *The World of SMOG: Rise of Moloch* and *Zombicide: Green Horde*, their respective game products were first shipped during the year ended 31 December 2017. In particular, except for *Massive Darkness*, the shipment of the other three games took place and completed by the end of 2017 and therefore minimal or even no sales from wholesalers were recorded during the year ended 31 December 2017. Kickstarter games first shipped during the year ended 31 December 2017 generated revenue from Kickstarter and wholesalers of approximately US\$20.5 million and US\$591,177 for the year ended 31 December 2017, US\$240,163 and approximately US\$3.4 million for the year ended 31 December 2018 and nil and US\$873,581 for the six months ended 30 June 2019, respectively.

(iii) *Kickstarter games first shipped during the year ended 31 December 2018*

During the year ended 31 December 2018, the Group first shipped the game products of *A Song of Ice & Fire: Tabletop Miniatures Game*, *Arcadia Quest: Riders*, *Cthulhu: Death May Die*, *HATE*, *Starcadia Quest* and *Zombicide: Invader*. Therefore, most of their sales for the year ended 31 December 2018 were contributed by Kickstarter sales with *Cthulhu: Death May Die*, *HATE*, *Starcadia Quest* and *Zombicide: Invader* had not yet commenced their wholesalers' sales. Revenue generated from these games from Kickstarter and wholesalers amounted to approximately US\$15.0 million and US\$1.6 million for the year ended 31 December 2018 and approximately US\$1.9 million and US\$2.5 million for the six months ended 30 June 2019, respectively.

(iv) *Kickstarter games first shipped during the six months ended 30 June 2019*

No new Kickstarter game was first shipped during the six months ended 30 June 2019.

Sales of games launched through wholesalers during the Reporting Period

Games launched through wholesalers during the Reporting Period included *13 Clues*, *75 Gnom' Street*, *Banana Bandits*, *Bloodborne: The Card Game*, *Blue Moon City*, *Council of Four*, *Cthulhu in the House*, *Dojo Kun*, *Dragon Castle*, *Dream On*, *Ethnos*, *Foodies*, *Gang Rush: Breakout*, *Gateway Uprising*, *Gekido: Bot Battles*, *Gizmos*, *God of War: The Card Game*, *Kaleidos*, *Kick-Ass*, *Kingz*, *Kreus*, *Kronia*, *Krosmaster Arena*, *Krosmaster Quest*, *Looterz*, *Lorenzo il Magnifico*, *Masques*, *Meeple War*, *Modern Art*, *Monstrous*, *Narcos*,

Newton, Play Me, Potion Explosion, Railroad Ink, Raise Your Goblets, Richard the Lionheart, Rumble in the Dungeon, Sheriff of Nottingham, Sherlook, Sugarblast, Ta-Da!, The Godfather: Corleone's Empire, The Grizzled: Armistice Edition, Unfair, Unusual Suspects, Victorian Masterminds, Wacky Races, Waka Tanka, Walls of York and Way of the Panda, which together accounted for approximately 5.0%, 10.6%, 11.1% and 27.4% of the total revenue from games of the Group for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively.

For games launched through wholesalers, their sales performances were relatively even for their respective first launches except for (i) *The Godfather: Corleone's Empire* which recorded revenue of US\$964,062 for its first launch in 2017, representing approximately 3.2% of the total revenue for the year ended 31 December 2017; and (ii) *Dragon Castle* and *Gizmos* which recorded revenue of US\$312,419 and US\$405,594 for its first launch in 2018, respectively, together representing approximately 2.5% of the total revenue for the year ended 31 December 2018.

Sales of games with products already available for sale before 1 January 2016

According to the report from Ipsos dated 25 November 2016, the extract of which is included in the Prospectus, it is estimated that the average life cycle for tabletop games is generally more than 8 years however with product extensions this timeframe may be extended. Publishers often extend the life of the successful games by introducing sequels, expansions or limited edition to the game titles. Therefore, although sales of tabletop games usually decrease gradually over its product life cycle, they still have their value and supporters over the years and it is possible to boost up the sales again by implementing extension strategies. As a result, the Group continued to record sales from games with products already available for sale before 1 January 2016 during the Reporting Period.

For all the games with products already available for sale before 1 January 2016, majority of their sales during the Reporting Period was contributed by wholesalers. In general, save for *Arcadia Quest* and *Zombicide*, all the games with products already available for sale before 1 January 2016 recorded a decreasing trend in sales during the Reporting Period although there was occasional increase in sales in a particular year for certain games mainly due to restocking of the products by wholesalers during the relevant year.

Arcadia Quest recorded an increase in revenue from US\$407,551 for the year ended 31 December 2016 to US\$549,979 for the year ended 31 December 2017, and to US\$583,982 for the year ended 31 December 2018, mainly due to the effect of the shipment of its sequel *Arcadia Quest: Inferno* in late 2016 and *Arcadia Quest: Riders* in 2018 which boosted the sales of *Arcadia Quest*. *Zombicide* recorded an increase in revenue from US\$511,780 for the year ended 31 December 2017 to approximately US\$1.7 million for the year ended 31 December 2018, mainly due to the effect of the shipment of its sequel *Zombicide: Green Horde* and *Zombicide: Invader* in late 2017 and late 2018, respectively, which boosted the sales of *Zombicide*.

Game pipeline

The Group's future growth will depend in part on its ability to continuously launch new games that are able to meet the changing preferences of players.

As at the date of this announcement, the Group had 14 board games in its pipeline, details of which are set out below:

No.	Project title of games in development	Expected launch date	Genre	Game type	Ownership
1	Project A	Second half of 2019	Strategy	Board game	Self-owned
2	Project B	Second half of 2019	Strategy	Board game	Licensed
3	Project C	Second half of 2019	Family	Board game	Self-owned
4	Project D	Second half of 2019	Family	Board game	Self-owned
5	Project E	Second half of 2019	Fantasy	Board game	Self-owned
6	Project F	Second half of 2019	Family	Board game	Licensed
7	Project G	Second half of 2019	Family	Board game	Licensed
8	Project H	Second half of 2019	Strategy	Board game	Self-owned
9	Project I	Second half of 2019	Family	Board game	Self-owned
10	Project J	First half of 2020	Fantasy	Board game	Self-owned
11	Project K	First half of 2020	Fantasy	Board game	Self-owned
12	Project L	First half of 2020	Fantasy	Board game	Licensed
13	Project M	First half of 2020	Fantasy	Board game	Self-owned
14	Project N	Second half of 2020	Family	Board game	Self-owned

Top customers

For the three years ended 31 December 2018 and the six months ended 30 June 2019, the Group's top five largest customers accounted for approximately 22.8%, 16.0%, 20.9% and 39.5% of the total revenue of the Group, respectively, with the largest customer accounting for approximately 9.1%, 6.2%, 7.2% and 21.1% of the total revenue of the Group, respectively. All the top five largest customers of the Group were wholesalers based in the United States, EU, Brazil and Canada.

As at the date of this announcement, none of the Directors, their associates, or any Shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of the top five largest customers of the Group.

The following tables set out the details of the five largest customers of the Group during the Reporting Period:

For the six months ended 30 June 2019

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
1	Customer A	Customer A is a game wholesaler incorporated in 1995. It has been operating a publishing, sales, marketing and distribution business in the United States handling products from more than 30 publishers. Customer A was acquired by a leading global game company in 2014.	Tabletop games under wholesale channel	United States	1	21.1%
2	Customer G	Customer G is a game wholesaler incorporated in 2004. It has been a game publisher and wholesaler focusing on localization of products from international publishers they represent to French and production of its own games in French. Customer G was acquired by the parent company of Customer A in 2016.	Tabletop games under wholesale channel	France	7	5.3%
3	Customer C	Customer C is a game wholesaler incorporated in 2012. It is a Brazilian game wholesaler with a network of more than 500 partner stores established in all the states of Brazil. Customer C was acquired by the parent company of Customer A in 2018.	Tabletop games under wholesale channel	Brazil	2	5.3%

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
4	Customer B	Customer B is a game wholesaler incorporated in 1999. It is specialized in wholesaling and gaming and carries ranges of collectable card games, miniatures and other collectible products such as entertainment cards, movie cards, toys, action figures and board games.	Tabletop games under wholesale channel	United States	1	4.3%
5	Customer D	Customer D is a game wholesaler incorporated in 2006. It has been a game publisher and wholesaler focusing on localization of products from international publishers they represent to Spanish and production of its own games in Spanish. Customer D was acquired by the parent company of Customer A in 2017.	Tabletop games under wholesale channel	Spain	7	3.5%

For the year ended 31 December 2018

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
1	Customer F	Customer F is a game wholesaler incorporated in 2011. It has been a distributor of consumer products and a full-service provider of warehousing and fulfillment services to a variety of mass-retail e-Commerce retailers throughout the United States and Canada.	Tabletop games under wholesale channel	United States	6	7.2%

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
2	Customer E	Customer E is a game wholesaler incorporated in 1995. It has been an established distributor of games, collectibles and toys in UK. Customer E was acquired by the parent company of Customer A in 2010.	Tabletop games under wholesale channel	UK	7	4.8%
3	Customer G	Customer G is a game wholesaler incorporated in 2004. It has been a game publisher and wholesaler focusing on localization of products from international publishers they represent to French and production of its own games in French. Customer G was acquired by the parent company of Customer A in 2016.	Tabletop games under wholesale channel	France	7	3.6%
4	Customer H	Customer H is a game wholesaler incorporated in 1982. It has been a United States game wholesaler specialized in the distribution of board games, card games, miniatures, role playing games, gaming tools and accessories to retailers around the world. It has a network of over 250 vendors and 5 warehouses across the United States.	Tabletop games under wholesale channel	United States	8	3.1%
5	Customer I	Customer I is a game wholesaler incorporated in 1989. It has been a Canadian game wholesaler of tabletop games, comics, collectible toys & figurines, sports and non-sports cards, collectible card games, and role-playing games. It has distribution centers in Montreal, Toronto, and Vancouver in Canada.	Tabletop games under wholesale channel	Canada	7	2.2%

For the year ended 31 December 2017

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
1	Customer F	Customer F is a game wholesaler incorporated in 2011. It has been a distributor of consumer products and a full-service provider of warehousing and fulfillment services to a variety of mass-retail e-Commerce retailers throughout the United States and Canada.	Tabletop games under wholesale channel	United States	6	6.2%
2	Customer E	Customer E is a game wholesaler incorporated in 1995. It has been an established distributor of games, collectibles and toys in UK. Customer E was acquired by the parent company of Customer A in 2010.	Tabletop games under wholesale channel	UK	7	3.2%
3	Customer H	Customer H is a game wholesaler incorporated in 1982. It has been a United States game wholesaler specialized in the distribution of board games, card games, miniatures, role playing games, gaming tools and accessories to retailers around the world. It has a network of over 250 vendors and 5 warehouses across the United States.	Tabletop games under wholesale channel	United States	8	2.4%

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
4	Customer J	Customer J is a game wholesaler incorporated in 2007. It has been a United States game wholesaler in the toy and hobby gaming industries offering over 20,000 products from over 400 publishers and manufacturers. Customer J has 3 warehouses in the United States.	Tabletop games under wholesale channel	United States	8	2.3%
5	Customer G	Customer G is a game wholesaler incorporated in 2004. It has been a game publisher and wholesaler focusing on localization of products from international publishers they represent to French and production of its own games in French. Customer G was acquired by the parent company of Customer A in 2016.	Tabletop games under wholesale channel	France	7	1.9%

For the year ended 31 December 2016

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
1	Customer F	Customer F is a game wholesaler incorporated in 2011. It has been a distributor of consumer products and a full-service provider of warehousing and fulfillment services to a variety of mass-retail e-Commerce retailers throughout the United States and Canada.	Tabletop games under wholesale channel	United States	6	9.1%

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
2	Customer E	Customer E is a game wholesaler incorporated in 1995. It has been an established distributor of games, collectibles and toys in UK. Customer E was acquired by the parent company of Customer A in 2010.	Tabletop games under wholesale channel	UK	7	4.1%
3	Customer K	Customer K is a game wholesaler incorporated in 2008. It has been a German game wholesaler and publisher of board games working together with around 30 partner publishers worldwide. Customer K handles the entire spectrum of publishing, editorial, marketing and sales of board games in Germany for the parent company of Customer A. It has a warehouse in Walldurn, Germany and other editorial and administration areas in Germany.	Tabletop games under wholesale channel	Germany	5	3.8%
4	Customer G	Customer G is a game wholesaler incorporated in 2004. It has been a game publisher and wholesaler focusing on localization of products from international publishers they represent to French and production of its own games in French. Customer G was acquired by the parent company of Customer A in 2016.	Tabletop games under wholesale channel	France	7	3.6%

Rank	Customer	Background and principal business	Products purchased	Location	Year(s) of business relationship	Percentage of total revenue
5	Customer J	Customer J is a game wholesaler incorporated in 2007. It has been a United States game wholesaler in the toy and hobby gaming industries offering over 20,000 products from over 400 publishers and manufacturers. Customer J has 3 warehouses in the United States.	Tabletop games under wholesale channel	United States	8	2.2%

As at the Latest Practicable Date, Customer A, Customer C, Customer D, Customer E, Customer G and Customer K are all under the same parent company (together with its subsidiaries, the “**Top Customers Group**”) which is a leading global game company. Customer A, Customer C, Customer D, Customer E, Customer G and Customer K are primarily responsible for the North American, Brazilian, Spanish, UK, French and German market of the Top Customers Group, respectively. Despite all of them are owned by the same company, their sales and operation are independent from each other. Each of them has its own responsible market in terms of the language of the game products or geography which do not overlap with each other. Besides, each of them makes its own purchase decisions and separately places purchase orders with the Group. In return, the Group issues separate invoices to each of them. Since April 2019, due to internal policy changes of the Top Customers Group, Customer A has started to coordinate the distribution of the English language version of the games of the Group for itself and Customer E. Therefore, Customer A consolidates the orders from Customer E and makes bulk purchase request to the Group. Despite the above changes in the order arrangement, the sales and operation of Customer A and Customer E remain as independent.

The Group also had business relationship with companies in the Top Customers Group other than those which were top five largest customers of the Group during the Reporting Period as discussed above. For the three years ended 31 December 2018 and the six months ended 30 June 2019, the aggregated sales to companies in the Top Customers Group amounted to approximately US\$3.5 million, US\$2.7 million, US\$3.9 million and US\$6.0 million respectively, representing approximately 16.9%, 9.2%, 13.8% and 47.0% of the total revenue of the Group, respectively. The relatively high concentration on sales to the Top Customers Group for the six months ended 30 June 2019 was mainly due to the relatively high contribution from wholesale sales and the low contribution from Kickstarter sales as there had been no shipment of new Kickstarter games during the period. The identification of the customers of the Group which are in the Top Customers Group is conducted on best effort basis based on the best knowledge

and information of the Directors as well as public information retrieved from desktop search. For the avoidance of doubt, the above sales to individual customers are aggregated based on their shareholding as at the Latest Practicable Date.

There was a relatively substantial change in the composition of the top five largest customers of the Group for the six months ended 30 June 2019 because three new customers (i.e. Customer A, Customer B and Customer C), which have business relationship of 2 years or less with the Group, became the top five largest customers of the Group during the period. The Group became acquainted with Customer A and Customer C through their parent company as the Group has business relationship with other companies within the Top Customers Group. The Group became acquainted with Customer B at a game convention held in 2018.

Before 2019, the Group did not have any sales to companies within the Top Customers Group for the North American market as the Top Customers Group only focused on distributing its own games in this particular geographical market in the past. However, in early 2019, the Top Customers Group decided to expand its business in North America by carrying games of other publishers on top of its own games. Therefore, Customer A, which is responsible for the North American market of the Top Customers Group, was very active in building up its game portfolio at the beginning of 2019 by purchasing games of other publishers. As a result, for the six months ended 30 June 2019, the Group recorded sales of 21 games with total amount of approximately US\$2.7 million from Customer A, resulting in it became the top customer of the Group for the six months ended 30 June 2019. Customer C has only been acquired by the parent company of Top Customer Group and become a member of the Top Customers Group in 2018. Customer C is responsible for the Brazilian market, a new market that the Top Customers Group wants to develop as it did not have significant presence in this market before the acquisition. Therefore, with the support from the parent company, Customer C was also very active in expanding its game distribution business in Brazil by purchasing games from different publishers, including the Group, and became the third largest customer of the Group for the six months ended 30 June 2019.

Customer B did not carry any of the Group's games before it started the business relationship with the Group in 2019. Therefore, as a game wholesaler, it placed its first order to the Group during the six months ended 30 June 2019 to build up its portfolio of the Group's products which Customer B did not previously have. As a result, for the six months ended 30 June 2019, the Group recorded sales of 12 games and other products with total amount of US\$552,889 from Customer B.

To the best knowledge of the Directors, save for (i) Mr. David Preti, a senior management of the Group, held 25% of the issued share capital of Customer C before it was acquired by the parent company of Customer A in 2018; and (ii) normal business relationship, each of Customer A, Customer B and Customer C does not have any past or

present relationship, including but not limited to, employment, financing, or family relationship with the Group, its directors, substantial shareholders, senior management and any of their respective associates.

Business model, marketing, after sales services, quality control and information technology

There has been no material change to the business model, marketing, after sales services, quality control and information technology of the Group since the Listing and up to the date of this announcement.

Production

There has been no material change to the production of the Group since the Listing. The Group outsources the production of its self-owned and licensed tabletop games to supply chain managers, allowing the Group to focus its resources on product development and/or marketing, and to operate the business in a cost-effective manner. The supply chain managers are responsible for the entire production process of the Group's self-owned and licensed tabletop games strictly according to the specifications and requirements provided by the Group. For selection of the supply chain managers, the management assesses and takes into account various factors such as price, projected timeline, quality, work portfolio, reputation and previous working experience.

The supply chain managers give input to issues such as commercial feasibility, product costing, technical specifications, and project timelines. They are also responsible for procuring the necessary raw materials and will, where necessary, sub-contract parts of the production process to various manufacturers. Where there are unique requirements of a specific component of a tabletop game, the supply chain managers will seek approval from the management of the Group on the appropriate sub-contractor to be engaged. The supply chain managers will also arrange for the packaging and delivery of final products to the shipment point designated by the Group. The management and production team of the Group make periodic site visits to the supply chain managers to discuss production matters, ensure quality control and discuss operational matters where required.

During the Reporting Period, the Group engaged four supply chain managers (Supplier G, Supplier H, Supplier F and Supplier A as mentioned in the paragraph headed "Top Suppliers" in this section), accounting for approximately 35.9%, 21.2%, nil and nil of its total cost of sales for the year ended 31 December 2016, approximately 13.0%, 10.5%, 23.4% and nil of its total cost of sales for the year ended 31 December 2017, nil, nil, nil and approximately 22.8% of its total cost of sales for the year ended 31 December 2018 and nil, nil, nil and approximately 46.5% of its total cost of sales for the six months ended 30 June 2019, respectively. The Group has maintained a business relationship of one to seven years with the four supply chain managers. To the best knowledge of the Directors, there is no relationship (whether past or present) between the Group and its supply chain managers other than normal business relationship.

As illustrated in the paragraph headed “Business of the Group — Top suppliers” in this announcement, the top supply chain manager changed from “Supplier G” for the year ended 31 December 2016 to “Supplier F” for the year ended 31 December 2017 and “Supplier A” for the year ended 31 December 2018 and the six months ended 30 June 2019. The Group’s projects undertaken by Supplier G were principally overseen and managed by an account manager (“**Account Manager**”) who was the general manager of Supplier G. Given the fact that the Account Manager started to serve Supplier F in 2017 in the capacity as an agent due to the scale down of business in the PRC by Supplier G, the Group decided to gradually engage Supplier F to take up more projects in 2017 and Supplier F became the top supplier of the Group in 2017 accordingly. In 2018, the Account Manager joined Supplier A as the general manager and Supplier A is willing to offer relatively more favourable prices to the Group in terms of lower unit costs for certain bulk orders after taking into account the recent downward price trend of paper, the reputation of the Group, the order size and the intention to develop long term business relationship with the Group. Therefore, the Group assigned most of the production to Supplier A and Supplier A became the top supplier of the Group for the year ended 31 December 2018. The Group continued to engage Supplier A as supply chain manager in 2019. For further discussion on the favourable prices offered to the Group, please refer to the paragraph headed “Financial Information of the Group — Cost of sales” in this announcement.

Supplier A is a Hong Kong supply chain manager incorporated in 2017 and is wholly owned by a Hong Kong citizen who is also the sole director of Supplier A. Supplier A has been focusing on production and logistic management services which assist its worldwide clients to source, design and locate manufacturers to produce products according to designated specifications and standards. Supplier A has less than 20 staff in total in its Hong Kong and PRC offices. The Group is one of the largest customers of Supplier A but Supplier A is not completely reliant on the Group. To the best knowledge of the Directors, except that the beneficial owner of Supplier A is also the sole shareholder and sole director of Supplier D and has recently become one of the directors of Supplier F, the beneficial owner of Supplier A does not have any other past or present relationship, including, but not limited to, employment, financing, or family relationship with the Group, its directors, substantial shareholders, senior management, or any of their respective associates.

The Group does not enter into any long term master supply or production agreement with any of the supply chain managers, and engages them only on a project by project basis. Similarly, the production cost per game is negotiated between the Group and the supply chain managers on project basis. The supply chain managers usually request for advance payment before production, which is not uncommon according to the Ipsos Report. For the three years ended 31 December 2018 and the six months ended 30 June 2019, the percentage of total advance paid to supply chain managers to total amount of purchase orders placed were nil, approximately 36.8%, 47.1% and 53.7%, respectively. As at 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019, the balance of advance to suppliers, which mainly comprised advance to supply chain

managers and suppliers of third party games, amounted to US\$638,673, approximately US\$1.2 million, approximately US\$3.7 million and approximately US\$3.5 million, respectively. The increase in the balance as at 31 December 2017 as compared to 31 December 2016 was due to the advance paid for the production of games, including advance of US\$456,925 paid to a supply chain manager for the production of *Massive Darkness* and *Arcadia Quest: Inferno* and advance of US\$442,478 paid to another supply chain manager for the production of *Rising Sun* and *Zombicide: Green Horde*. The balance of advance to suppliers further increased from approximately US\$1.2 million as at 31 December 2017 to approximately US\$3.7 million as at 31 December 2018 mainly due to the advance paid for the production of games, including total advance of approximately US\$2.5 million paid for the production of Kickstarter games launched or first shipped in 2018 including *A Song of Ice & Fire: Tabletop Miniatures Game*, *Blood Rage* board game for *Blood Rage Digital*, *Munchkin Dungeon*, *Project: ELITE* and *Zombicide: Invader*. The balance of advance to suppliers decreased to approximately US\$3.5 million as at 30 June 2019, which mainly represented approximately US\$2.4 million for the production of *Bloodborne: The Board Game* and US\$874,576 for the production of *Munchkin Dungeon* and *Project: ELITE*. It is the usual practice of supply chain managers to request for advance for the production of games. Therefore, the balance of advance to suppliers mainly fluctuated in accordance with the production needs of the Group, which in turn was principally affected by the shipment schedule of Kickstarter games, launch schedule of new games and restocking orders from wholesalers for existing games. The increase in advance to suppliers as at each year/period end during the Reporting Period was mainly due to (i) the increased demand for the production of the Group's games, especially those newly launched Kickstarter games; and (ii) change of supply chain managers. As discussed above, the Group has changed its major supply chain manager to Supplier A since 2018. Although Supplier A is willing to offer relatively more favourable prices to the Group in terms of lower unit costs for certain bulk orders after taking into account the recent downward price trend of paper, the reputation of the Group, the order size and the intention to develop long term business relationship with the Group, Supplier A also requests for a higher portion of advance to reduce the cashflow pressure imposed by the production of the Group's products.

The Account Manager is a Hong Kong citizen with over 10 years of experience in supply chain management for the production of tabletop games. Before he joined the tabletop game supply chain management industry, the Account Manager was a product designer. The Group became acquainted with the Account Manager through Mr. Doust, one of the founders of the Group and an executive Director, as the Account Manager is an old friend of his. In addition to typical supply chain management services provided by other supply chain managers in the market, the Account Manager leverages on his expertise in product design and industry experience to provide value added services to the Group such as advising on product packaging to save cost and increase users' experience. The Account Manager is also experienced in fulfilling Kickstarter projects. The Group's ultimate users are satisfied with the products manufactured under the supervision and management of the Account Manager over the years and therefore, the Group has developed over 8 years of business relationship with him.

Taking into account (i) Supplier A is willing to offer relatively more favourable prices to the Group in terms of lower unit costs for certain bulk orders; (ii) the long term relationship with the Account Manager who is familiar with the Group's products and operation, and most importantly, has been overseeing the Group's production pipelines effectively and efficiently over the years; and (iii) the switching costs and time involved in identifying another person who can provide similar services with comparable level of quality, the Directors are of the view that it is beneficial for the Group to continue to work with the Account Manager by changing key supply chain manager during the past two years, even though Supplier A requested for a higher portion of advance.

To the best knowledge of the Directors, except for being an old friend of Mr. Doust, the Account Manager does not have any other past or present relationship, including, but not limited to employment, financing, or family relationship with the Group, its Directors, substantial shareholders, senior management, or any of their respective associates. Besides, the Account Manager and the Group do not have any other understanding or side arrangement or agreement in respect of their other businesses or otherwise.

As the production lead time usually takes six to nine months, the turnover for the utilization of advance to suppliers was not high. As at 31 October 2019, approximately 100.0% and 47.3% of the advance to suppliers as at 31 December 2018 and 30 June 2019 have been utilised, respectively.

Top suppliers

For the three years ended 31 December 2018 and the six months ended 30 June 2019, the Group's top five largest suppliers accounted for approximately 91.5%, 91.1%, 97.6% and 92.2% of the total purchases of the Group, respectively, with the largest supplier accounting for approximately 43.0%, 32.2%, 45.1% and 55.2% of the total purchases of the Group, respectively. The top five largest suppliers of the Group were supply chain managers, miniatures producers and game developers who supplied third party games to the Group.

The Group has a relatively high supplier concentration as it outsources the production of self-owned and licensed games to supply chain managers. The Group maintained a total of four supply chain managers during the Reporting Period, which together accounted for approximately 68.4%, 64.5%, 45.1% and 55.2% of the total purchases of the Group for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively. The contribution to total purchases from each of the supplier chain managers fluctuate significantly during the Reporting Period. Please refer to the paragraph headed "Business of the Group — Production" for details. According to the Ipsos Report, it is not uncommon for tabletop games publishers which outsource the production to have a relatively high supplier concentration.

As at the date of this announcement, none of the Directors, their associates, or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of the top five largest suppliers of the Group.

The following tables set out details of the five largest suppliers of the Group during the Reporting Period:

For the six months ended 30 June 2019

Rank	Supplier	Background and principal business	Items supplied	Location	Year(s) of business relationship	Credit period	Percentage of total purchases
1.	Supplier A ^(Note 2)	Supplier A is a Hong Kong supply chain manager incorporated in 2017. It has been focusing on production and logistic management services which assist its clients to source, design and locate manufacturers to produce products according to designated specifications and standards.	Supply chain management	Hong Kong	1 year	7 days	55.2%
2.	Supplier B ^(Note 1)	Supplier B is a Hong Kong game designer and manufacturer incorporated in 2006. It has been focusing on mold engineering, molding and plastic manufacturing.	Production of miniatures	Hong Kong	8 years	14 days	24.5%
3.	Supplier K	Supplier K is a Hong Kong board game miniatures manufacturer incorporated in 2017. It has been focusing on board game plastic components and action figures manufacturing. It has a factory in Dongguan, the PRC.	Production of miniatures	Hong Kong	1 year	7 days	8.2%
4.	Supplier E	Supplier E is an Italian game designer and manufacturer incorporated in 2014. It has been focusing on development and production of tabletop games.	Third-party board games	Italy	3 years	30 days	2.3%
5.	Supplier C	Supplier C is an Italian game designer and manufacturer incorporated in 2016. It has been focusing on development and production of tabletop games.	Third-party board games	Italy	3 years	30 days	2.0%

For the year ended 31 December 2018

Rank	Supplier	Background and principal business	Items supplied	Location	Year(s) of business relationship	Credit period	Percentage of total purchases
1.	Supplier A ^(Note 2)	Supplier A is a Hong Kong supply chain manager incorporated in 2017. It has been focusing on production and logistic management services which assist its clients to source, design and locate manufacturers to produce products according to designated specifications and standards.	Supply chain management	Hong Kong	1 year	7 days	45.1%
2.	Supplier B ^(Note 1)	Supplier B is a Hong Kong game designer and manufacturer incorporated in 2006. It has been focusing on mold engineering, molding and plastic manufacturing.	Production of miniatures	Hong Kong	8 years	14 days	35.3%

Rank	Supplier	Background and principal business	Items supplied	Location	Year(s) of business relationship	Credit period	Percentage of total purchases
3.	Supplier C	Supplier C is an Italian game designer and manufacturer incorporated in 2016. It has been focusing on development and production of tabletop games.	Third-party board games	Italy	3 years	30 days	8.7%
4.	Supplier D ^(Note 2)	Supplier D is a Hong Kong game manufacturer incorporated in 2015. It has been focusing on production of tabletop games.	Production of miniatures	Hong Kong	1 year	15 days	6.7%
5.	Supplier E	Supplier E is an Italian game designer and manufacturer incorporated in 2014. It has been focusing on development and production of tabletop games.	Third party games	Italy	1 year	30 days	1.8%

For the year ended 31 December 2017

Rank	Supplier	Background and principal business	Items supplied	Location	Year(s) of business relationship	Credit period	Percentage of total purchases
1.	Supplier F	Supplier F is a Hong Kong supply chain manager incorporated in 2015. It has been focusing on production and logistic management services, which assist its clients to source, design and locate manufacturers to produce products according to designated specifications and standards.	Supply chain management	Hong Kong	2 years	80 days	32.2%
2.	Supplier B ^(Note 1)	Supplier B is a Hong Kong game designer and manufacturer incorporated in 2006. It has been focusing on mold engineering, molding and plastic manufacturing.	Production of miniatures	Hong Kong	8 years	14 days	24.5%
3.	Supplier G	Supplier G is a Hong Kong supply chain manager incorporated in 2005. It has been focusing on production and logistic management services, which assist its clients to source, design and locate manufacturers to produce products according to designated specifications and standards. Supplier G was wholly-owned by a company incorporated in Germany.	Supply chain management	Hong Kong	7 years	60 days	17.8%
4.	Supplier H	Supplier H is a PRC supply chain manager incorporated in 2014. It has been focusing on production management services in relation to board games, card games and miniatures.	Supply chain management	PRC	5 years	10 days	14.5%
5.	Supplier C	Supplier C is an Italian game designer and manufacturer incorporated in 2016. It has been focusing on development and production of tabletop games.	Third-party board games	Italy	3 years	30 days	2.1%

For the year ended 31 December 2016

Rank	Supplier	Background and principal business	Items supplied	Location	Year(s) of business relationship	Credit period	Percentage of total purchases
1.	Supplier G	Supplier G is a Hong Kong supply chain manager incorporated in 2005. It has been focusing on production and logistic management services, which assist its clients to source, design and locate manufacturers to produce products according to designated specifications and standards. Supplier G was wholly-owned by a company incorporated in Germany.	Supply chain management	Hong Kong	7 years	60 days	43.0%
2.	Supplier H	Supplier H is a PRC supply chain manager incorporated in 2014. It has been focusing on production management services in relation to board games, card games and miniatures.	Supply chain management	PRC	5 years	10 days	25.4%
3.	Supplier B ^(Note 1)	Supplier B is a Hong Kong game designer and manufacturer incorporated in 2006. It has been focusing on mold engineering, molding and plastic manufacturing.	Production of miniatures	Hong Kong	8 years	14 days	15.5%
4.	Supplier I	Supplier I is a French game designer and manufacturer incorporated in 2001. It has been focusing on development, production and distribution of board games, video games, animation and manga.	Third-party board games	France	3 years	7 days	5.0%
5.	Supplier J	Supplier J is a French game designer and manufacturer incorporated in 2010. It has been focusing on development and production of tabletop games in French language.	Third-party board games	France	4 years	7 days	2.6%

Notes:

1. Mr. David Preti, a senior management of the Group, held 3% of the issued share capital in Supplier B before 2016. As at the date of this announcement, Mr. Preti was no longer a shareholder of Supplier B.
2. Supplier A and Supplier D have common sole shareholder and director, who has also recently become one of the directors of Supplier F since October 2018. Despite the above, each of Supplier A, Supplier D and Supplier F has its own sales, finance and operation which are independent from each other. The Group negotiated the business terms with and place orders to Supplier A and Supplier D separately. In return, each of them takes orders individually and issues separate invoices to the Group.

To the best knowledge of the Directors, except that the beneficial owner of Supplier A is also the sole shareholder and sole director of Supplier D and has recently become one of the directors of Supplier F since October 2018, none of the top five suppliers of the Group during the Reporting Period have any relationships (whether past or present) with each other.

Save for the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed “Business of the Group — Production” above, to the best of the knowledge, information and belief of the Directors, the pricing terms offered by the top five largest suppliers of the Group was comparable to other independent suppliers of the Group during the Reporting Period.

To manage the supplier concentration risk, the Group has a practice of maintaining a good working relationship with the suppliers, especially supply chain managers, by, among others, creating goodwill and honouring payments. Besides, the Group continues to explore and develop business relationship with other suitable suppliers as part of its contingency planning. As at the date of this announcement, the Group has maintained direct contact with over 10 suppliers and manufacturers. By adopting the abovementioned measures and taking into account that alternative suppliers are readily available, the Directors are of the view that the supplier concentration risk of the Group can be managed.

Intellectual properties

During the Reporting Period, the Group recognised various IPs which primarily comprising *Blood Rage*, *Council of Four*, *Massive Darkness*, *Rising Sun*, *The Grizzled*, *The Others: 7 Sins*, *The World of SMOG* and *Zombicide* series at the cost of US\$620,280, US\$33,978, US\$801,145, US\$920,000, US\$55,950, US\$895,000, US\$500,000 and US\$888,400, respectively.

Properties

During the year ended 31 December 2017, the Group acquired two properties within the same building in Singapore with one as its global head office for business expansion and the other one as a retail shop, show room and play test centre for image and brand building, details of which were disclosed in the announcements of the Company dated 3 April 2017 and 6 October 2017.

Employees

The Group had 52 employees as at the date of this announcement, as compared to 47, 66 and 51 employees as at 31 December 2016, 31 December 2017 and 31 December 2018, respectively.

During the year ended 31 December 2017, the Group has successfully hired luminaries including Mr. Eric Lang (designer of the Group’s hit titles *Arcadia Quest*, *Blood Rage* and *The Others: 7 Sins*) and Mr. Mike McVey (the artistic director behind many of the Group’s fantastic miniatures), which has significantly strengthened the Group’s game design capabilities.

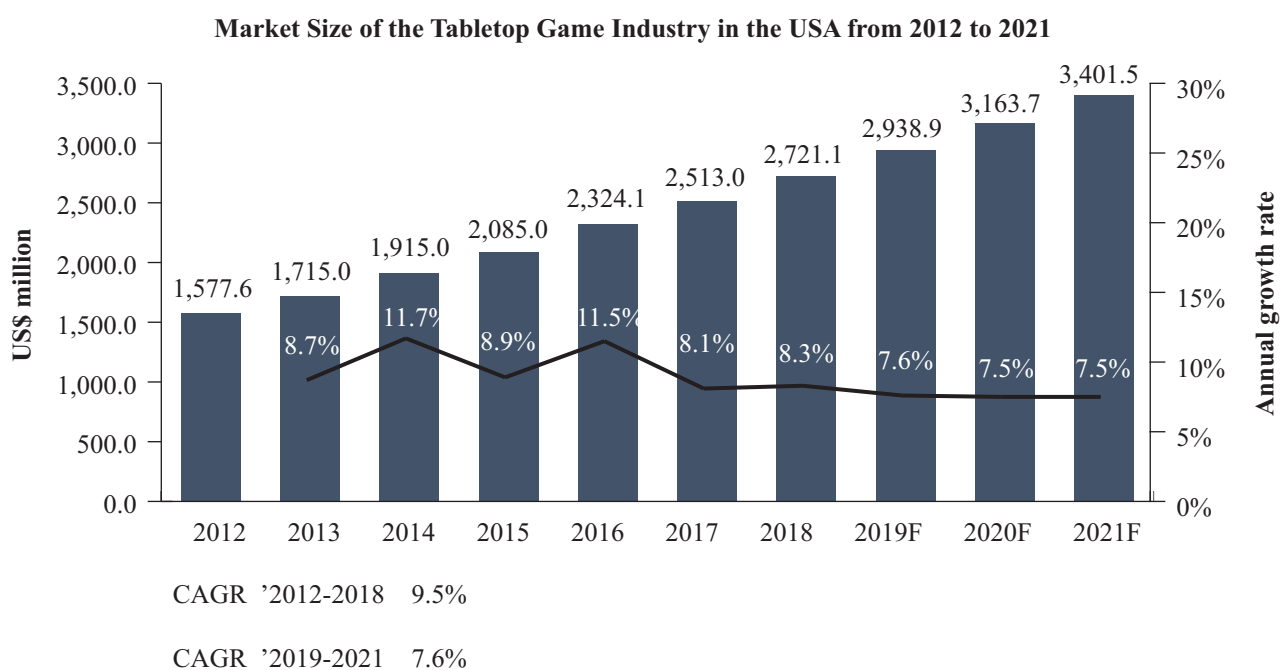
In addition, Mr. Doust, one of the co-founders of the Group and the controlling shareholders of the Company, has moved to Singapore to oversee sales and marketing in China and East Asia markets during the year ended 31 December 2017.

TABLETOP GAME INDUSTRY

For the year ended 31 December 2018, North America and Europe remained as the major markets of the Group, with North American and European sales made up approximately 76.7% and 16.1% of the Group's total revenue, respectively.

Tabletop game industry in the USA

The USA tabletop game industry continued to grow in 2018 and it is expected that the growth trend will continue. According to the Ipsos Report, the market size for the tabletop game industry in the USA increased by approximately 8.3% from approximately US\$2,513.0 million in 2017 to approximately US\$2,721.1 million in 2018. It is expected that the market will maintain stable growth from 2019 to 2021 with annual growth rates ranging from approximately 7.5% to 7.6% and reach approximately US\$3,401.5 million in 2021. The following chart sets forth the historical and forecast market size of the tabletop game industry in the USA from 2012 to 2021.



Source: Ipsos Report

As illustrated above, it is forecasted that the CAGR of the market size of the tabletop game industry in the USA of approximately 7.6% from 2019 to 2021 is lower than the CAGR of approximately 9.5% from 2012 to 2018, which is mainly due to the weaker growth of sub-categories such as non-hobby games, the relatively mature market, and a continued shift to augmented or virtual reality based games after the fast pace development of tabletop games in the past few years.

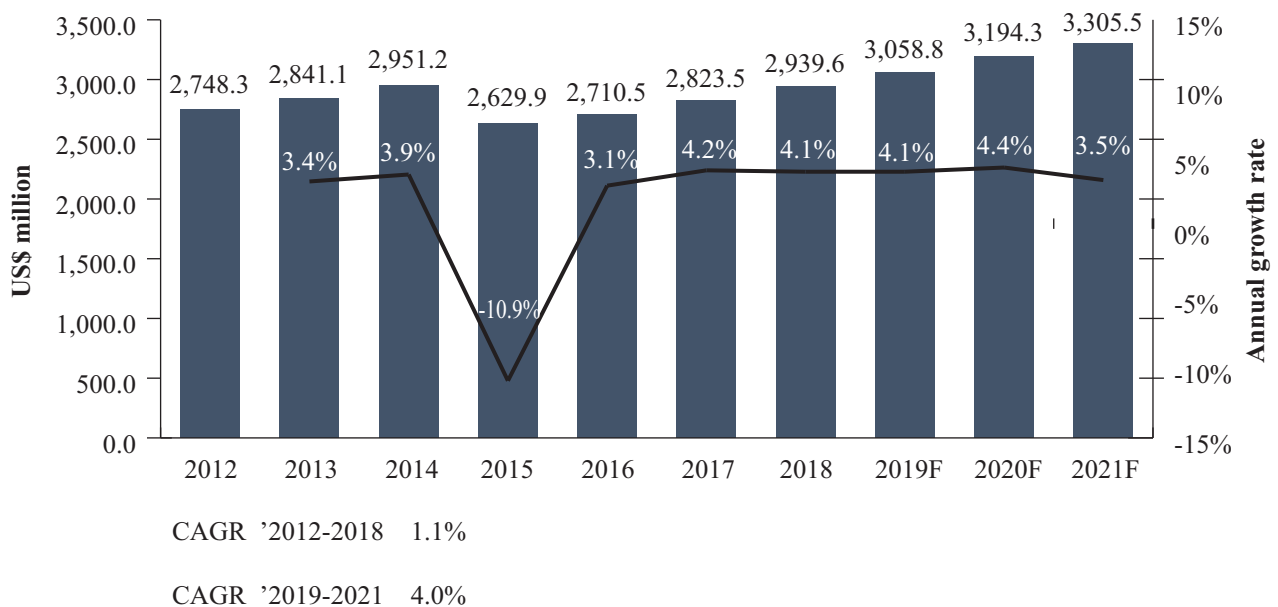
Despite that there is a continued shift to augmented or virtual reality based games, it is the Group's strategy to continue to focus its resources on its core strength of tabletop game business, the game segment which the Group possesses the expertise, professionals,

reputation and track record. Comparing with tabletop games, augmented or virtual reality based games in general require a higher amount of initial investment in research and development, and more importantly, a specialized team with professional knowledge in information technology and digital application. Besides, although there is an expected slow-down in CAGR of the market size of the tabletop game industry in the USA, the absolute market size of the industry is expected to maintain a stable annual growth of approximately 7.5% to 7.6% from 2019 to 2021. Comparing the Group's revenue from North America for the year ended 31 December 2018 to the market size of the tabletop game industry in the USA in 2018, the market share of the Group was lower than 1%. Therefore, after taking into account the above, the Directors are of the view that there is still plenty of room for the Group to grow and expand its market share in the tabletop game industry and the continued shift to augmented or virtual reality based games will not have any material adverse impact on the Group. Besides, the Group will not change its business focus as it may not be beneficial to the Group to diversify its financial and human resources in new game categories (other than tabletop games, mobile games and computer games) too aggressively in the foreseeable future.

Tabletop game industry in the EU

The EU tabletop game industry experienced a slightly growth in 2018 and it is expected that growth pace will gradually pick up in the next few years. According to the Ipsos Report, the market size for the tabletop game industry in the EU increased by approximately 4.1% from approximately US\$2,823.5 million in 2017 to approximately US\$2,939.6 million in 2018. It is expected that the market will grow with annual growth rates ranging from approximately 3.5% to 4.4% in 2019 to 2021 and reach approximately US\$3,305.5 million in 2021. The following chart sets forth the historical and forecast market size of the tabletop game industry in the EU from 2012 to 2021.

Market Size of the tabletop game industry in the EU from 2012 to 2021

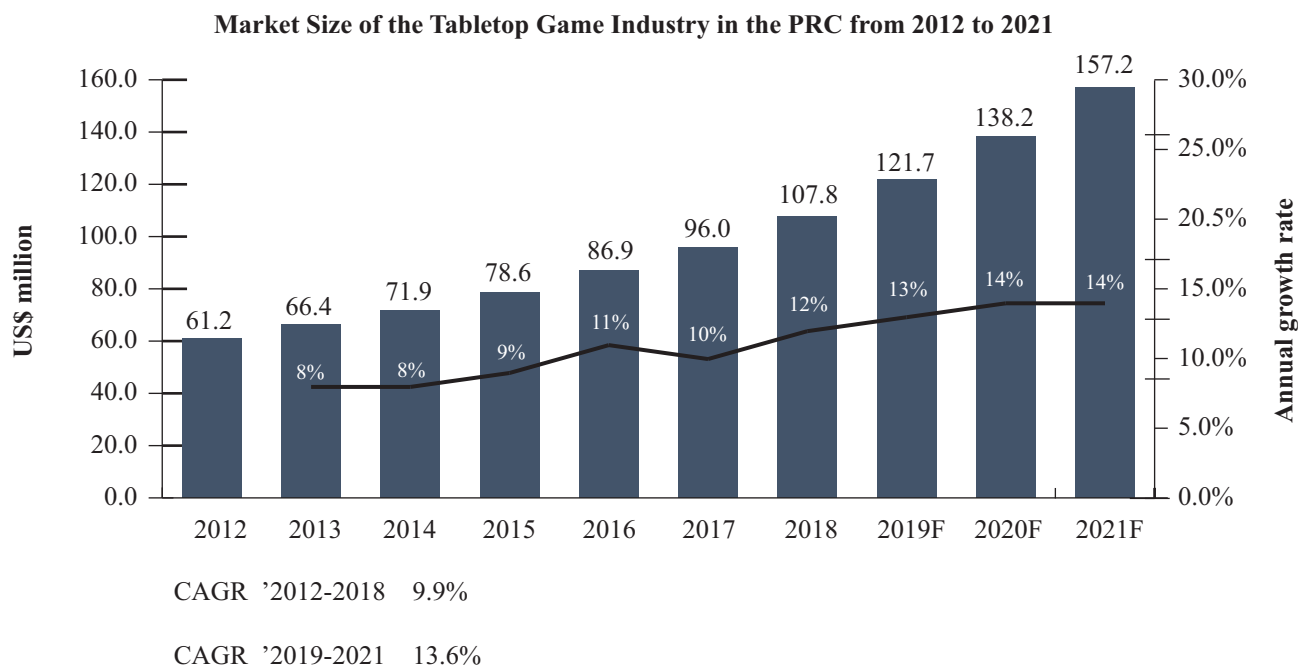


Source: Ipsos Report

As illustrated above, it is forecasted that the CAGR of the market size of the tabletop game industry in the EU of approximately 4.0% from 2019 to 2021 is much higher than the CAGR of approximately 1.1% from 2012 to 2018, which is mainly due to the gradual recovery of economy as well as the expected contribution from online retail channel which enhances the diversity of distribution model of the tabletop games and encourages more end users to make purchases.

Tabletop game industry in the PRC

On the other hand, it is the Group’s strategy to expand into the largely untapped markets of Asia, particularly the PRC. In order to achieve this, the Group has set up a subsidiary in the PRC to increase its presence in this target market. The subsidiary has already commenced operation in October 2018. Besides, Mr. Doust, one of the co-founders of the Group and the controlling shareholders of the Company, has moved to the Company’s headquarters in Singapore to oversee sales and marketing in China and East Asia markets during the year ended 31 December 2017. The following chart sets forth the historical and forecast market size of the tabletop game industry in the PRC from 2012 to 2021.



Source: Ipsos Report

Despite the relatively small market size, the PRC tabletop game industry experienced continuous growth from 2012 to 2018 and it is expected that the growth trend will continue. According to the Ipsos Report, the market size for the tabletop game industry in the PRC increased by approximately 12.3% from approximately US\$96.0 million in 2017 to approximately US\$107.8 million in 2018. It is expected that the market will enjoy

accelerating growth from 2019 to 2021 with annual growth rate ranging from approximately 13% to 14% in 2019 to 2021. The market size of the PRC tabletop game industry is expected to reach approximately US\$157.2 million in 2021.

In terms of CAGR, it is forecasted that the tabletop game industry in the PRC will enjoy growth with CAGR of approximately 13.6% from 2019 to 2021 as compared with CAGR of approximately 9.9% from 2012 to 2018. According to the Ipsos Report, the growth will be mainly driven by (i) the expected shift of gaming behaviour from digital game to physical game; (ii) the increasing significance of tabletop games in consumers' social and entertainment life in the PRC as the level of social connection and interaction with tabletop games expected to improve with the help of technology advancements such as artificial reality and 3-dimensional printing; and (iii) the increasing popularity of tabletop games benefited by the booming pan-entertainment industry in the PRC.

REGULATORY DEVELOPMENT

This section summarises the development and update (if any) of the material laws and regulations in the United States, Singapore and the EU as set out in the section headed "Regulatory Overview" in the Prospectus that are relevant to the Group's operations in these jurisdictions since Listing. Please read in conjunction with the section headed "Regulatory Overview" in the Prospectus. This section also summarises the material laws and regulations in Canada, the PRC and Italy that may be relevant to the Group since Listing.

United States

Taxation

On 22 December 2017, the USA President signed into law Public Law 115–97, informally known as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA contains significant changes to USA federal corporate income taxation, including reduction of the corporate tax rate from 35% to 21%, elimination of the corporate alternative minimum tax, limitation of the tax deduction for interest expense to 30% of taxable income (with certain adjustments), limitation of the deduction for net operating losses to 80% of current year taxable income for losses arising in taxable years beginning after 31 December 2017 and elimination of net operating loss carrybacks, deemed repatriation, resulting in one-time taxation of previously accumulated offshore earnings of foreign subsidiaries at reduced rates, elimination of USA tax on foreign earnings of foreign subsidiaries (subject to certain important exceptions), and immediate deductions for certain new investments instead of deductions for depreciation expense over time. As a result of the TCJA, an adjustment to USA deferred tax liability resulted in a reduction in income tax expense for the period ending 31 December 2017. The Group believes its primary benefit from the TCJA will arise from the TCJA's reduction in USA federal corporate income tax rates.

On 21 June 2018, the United States Supreme Court held in *South Dakota v. Wayfair, Inc.*, that a state is not forbidden by the Commerce Clause of the United States Constitution to require out-of-state vendors with no physical presence in the state to collect and remit sales tax on sales of taxable property and services made to in-state customers. Currently, the Group is only physically present in the USA in the State of Georgia. Since the *Wayfair* case removes the requirement to have a physical presence in a state, the Group potentially could be required to collect and remit sales tax to be charged to its customers in states in the USA other than Georgia.

It should be noted that although the *Wayfair* decision only addresses sales tax and does not address other taxes in the USA, such as income tax or profits tax, states are beginning to apply *Wayfair* principles beyond sales tax. Sales tax is a tax assessed by states and local jurisdictions and is not affected by federal income tax law nor international tax treaties. Sales tax is charged to the end user of products and, in some jurisdictions, services (*i.e.*, the ultimate customer) and is at a rate applied to the sales price of the good or service sold. When the sales tax is collected by a vendor, the vendor should remit the same to the relevant state or local tax authority. It is neither income nor expense of the Group and does not affect the Group's income tax rate and taxable income.

Sales tax is only collected for sales to retail customers and **not** collected for sales to wholesale customers. For the year ended 31 December 2017, the Group's retail sales in the USA amounted to US\$367,846 and only represented approximately 7% of total sales in the USA. For the year ended 31 December 2018, retail sales in the USA amounted to US\$480,150 and only represented approximately 7% of total sales in the USA. For the six months ended 30 June 2019, the Group's retail sales in the USA amounted to US\$45,501 and only represented approximately 0.4% of total sales in the USA. Since sales tax is charged differently for each state and local jurisdiction, and is often based upon a shipping address, out-of-state vendors potentially face additional compliance and administrative costs as a result of the *Wayfair* decision.

As mentioned above, sales tax is imposed and administered at the state and local level and not by federal tax authorities. At the time the *Wayfair* case was decided, most states have yet implemented any rules and regulations to handle a new approach towards sales tax collection. Nevertheless, most states determined that it would be very unfair to taxpayers to apply a new approach retrospectively after the long-standing physical presence rules had been in place. A number of states have passed legislation or adopted regulations that established rules beginning from 1 October 2018 through 1 January 2019. Out of the states that have passed legislation or adopted regulations, most states apply a revenue or transaction threshold before requiring an out-of-state vendor to register and to start collecting sales tax. The thresholds are often US\$100,000 or more of in-state sales or 200 or more in-state transactions typically, but not always, in the previous or current calendar year. The sales threshold may be calculated based on sales to both retail and wholesale customers, but even if such an expanded sales threshold is met, it triggers a sales tax registration requirement; sales tax is only collected on retail

sales. Thus, it is expected that the amount and number of transactions possibly subject to sales tax collection in the USA will be low. Accordingly, the additional compliance and administrative costs are expected to be immaterial.

In summary, the *Wayfair* decision does not directly relate to income tax but to sales tax only which is to be charged to ultimate retail customers of the Group, and will not impact the net taxable income nor tax rate of the Group. Based on the state guideline as at the Latest Practicable Date, the Group is only responsible for collecting the sales tax from its ultimate retail customers and remitting the same to the relevant state or local tax authority. Although additional compliance and administrative costs are expected, the amount is considered as immaterial after taking into account the historical sales transactions of the Group in the USA.

Singapore

Employment Matters

After Listing and for the Group's administrative purposes and business development in Singapore, CMON Pte. Ltd., an indirect wholly-owned subsidiary of the Company incorporated in Singapore, started recruiting employees. Below is a brief summary of the relevant acts in Singapore relevant to the Group's operations as at the date of this announcement.

Employment Act

The Employment Act (Chapter 91, the laws of Singapore) (the "EA") sets out the basic terms and conditions of employment (such as entitlements as to paid public holidays and sick leave for employees covered under the EA), and the respective rights and responsibilities of employers and employees covered under the EA. The EA is administered by the Ministry of Manpower of Singapore (the "MOM"). With effect from 1 April 2019, the EA covers every employee regardless of nationality who is under a contract of service with an employer, including persons employed in a managerial and executive position, except for public servants, domestic workers and seafarers.

In particular, Part IV of the EA, which applies only to (a) workmen who are in receipt of basic monthly salaries of not more than S\$4,500; and (b) employees (other than workmen or persons employed in managerial or executive positions) who are in receipt of basic monthly salaries of not more than S\$2,600 (each a "**Part IV Employee**"), sets out requirements as to rest days, hours of work and other conditions of service. Section 38(1) of the EA provides that, except in specified circumstances, a Part IV Employee shall not be required under his contract of service to work more than 6 consecutive hours without a period of leisure, and more than 8 hours in 1 day or more than 44 hours in 1 week. Section 38(8) of the EA provides that a Part IV Employee shall not work for more than 12 hours in any 1 day except in specified circumstances, such as where the work is

essential to the life of the community, defence or security, or in the case of urgent work to be done to machinery or plant. In addition, Section 38(5) of the EA provides that a Part IV Employee shall not be permitted to work overtime for more than 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour for an exemption if they require, *inter alia*, a Part IV Employee or class of Part IV Employees to work for more than 12 hours a day or more than 72 hours of overtime in a month. The Commissioner for Labour may, after considering the operational needs of the employer and the health and safety of the Part IV Employee or class of Part IV Employees, exempt such employees from the overtime limits subject to such conditions as the Commissioner for Labour thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employee or class of employees are employed.

Following the amendments to the EA in effect from 1 April 2016, all employers must issue key employment terms (the “KETs”) in writing to employees covered under the EA. Such employees include employees who:

- (a) enter into a contract of service with the company on or after 1 April 2016; and
- (b) are employed for 14 days or more in relation to the length of contract (and not in relation to the number of days of work).

The KETs include, *inter alia*, full name of employer and employee, job title, duties and responsibilities, date of start of employment, duration of employment, basic salary, fixed allowances, fixed deductions, overtime rate of pay, leave entitlements, medical benefits, probation period and notice period.

Employment of Foreign Manpower Act

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A, the laws of Singapore) (the “EFMA”). The EFMA is also administered by the MOM.

Under Section 5(1) of the EFMA, no person shall employ a foreign employee in Singapore unless he has obtained in respect of the foreign employee a valid work pass from the MOM in accordance with the regulations prescribed pursuant to the EFMA. Work passes include, amongst others, Employment Pass, S Pass and Work Permits. The Employment Pass is for foreign professionals who (a) have a job offer in Singapore; (b) work in a managerial, executive or specialised job; (c) earn a fixed monthly salary of at least S\$3,600; and (d) have acceptable qualifications. The S Pass is for mid-level skilled foreign employees who earn a fixed monthly salary of at least S\$2,300 and meet the assessment criteria. The Work Permit is for foreign workers from approved source countries working in the construction, manufacturing, marine shipyard, process or services sector, and there is no requirement for minimum qualifying salary. As at the Latest Practicable Date, the Group had 2 S Pass and 2 Work Permit holders.

The Directors confirm that the Group has complied with the MOM's requirements in relation to its employment of such foreign workers in all material respects.

In addition to the EFMA, an employer of foreign workers is also required to comply with, *inter alia*, the provisions in the EA, the Immigration Act (Chapter 133, the laws of Singapore), and the regulations issued pursuant to the aforesaid Acts.

Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354, the laws of Singapore) (the "WICA") applies to all employees in all industries engaged under a contract of service (save for certain limited exceptions) in respect of injury suffered by them in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The relevant regulatory body is the MOM.

The WICA provides that the employer shall be liable to pay compensation in accordance with the provisions of the WICA if personal injury by accident arising out of and in the course of the employment is caused to an employee.

Employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and for all non-manual employees ("NMEs") earning S\$1,600 or less a month and who are engaged under contracts of service (unless waived by the Minister by notification in the Gazette). With effect from 1 April, 2020 and 1 April, 2021, the salary threshold for all NMEs will be raised to S\$2,100 and S\$2,600, respectively.

The Directors confirm that the Group has complied with the MOM's requirements in relation to work injury compensation in all material respects.

The EU

Anti-dumping/Anti-subsidy

The section headed "Regulatory Overview" in the Prospectus contains, under the heading "The EU", a general summary of certain anti-dumping and anti-subsidy rules. Although the specific EU legislation referred to in that summary has been rewritten, amended and consolidated, in substance, the outline of the anti-dumping and anti-subsidy regime contained in the Prospectus remains materially accurate.

Brexit

On 23 June 2016, the UK electorate, by way of referendum, voted to leave the EU. Until the UK leaves the EU, EU law will continue to apply to the UK in the normal way. On leaving the EU, it is anticipated that most relevant EU law as it applies at the date of the UK's exit from the EU will be adopted as UK national law. Thereafter, the UK would in

principle be free to amend or repeal such laws. As such, the full legal, tax and regulatory consequences of the UK leaving the EU, including as regards the incidence of import duties and taxes, remain uncertain.

Canada

During the year ended 31 December 2017, CMON Games Inc., an indirect wholly-owned subsidiary of the Company, has been incorporated in Quebec, Canada, with an aim to administer the Group's sales and marketing activities. As at the date of this announcement, CMON Games Inc. has various sales and marketing staff. Since its incorporation, CMON Games Inc. has not generated any revenue.

Taxation and employment matters

Payroll taxes and various source deductions must be remitted by employers (resident or non-resident) on behalf of their employees (resident or non-resident) to the tax authorities on the employment income performed in Québec, Canada. Employers are also required to make contributions in respect of certain social programs for the benefit of their employees.

In addition to contributions to the Canadian Employment Insurance program, employers established in Québec are required to make contributions to the following plan, program or funds:

Relevant plan/program/funds	Rates and limits for 2018 Québec payroll taxes
Canadian Employment Insurance	1.3% of insurable earnings (maximum insurable earnings of C\$51,700) Employee maximum contribution: C\$672.10 1.3% of insurable earnings (maximum insurable earnings of C\$51,700) Employer maximum contribution: C\$940.94
Québec Pension Plan	Employee contribution: 5.4% of pensionable earnings less basic exemption of C\$3,500 (maximum pensionable earnings is C\$52,400 per employee) Employee maximum contribution: C\$2,829.60 Employer contribution: equal to employee contributions. Employer maximum contribution: C\$2,829.60
Québec Parental Insurance Plan	Employee contribution: 0.548% of insurable earnings (maximum insurable earnings is C\$74,000 per employee). Employee maximum contribution: C\$405.52 Employer contribution: 0.767% of insurable earnings. Employer maximum contribution: C\$567.58

Relevant plan/program/funds	Rates and limits for 2018 Québec payroll taxes
<i>Commission des normes du travail</i> (labour standards)	0.07% of payroll subject to employer contribution (maximum insurable remuneration of C\$74,000 per employee).
Health Services Fund	Employer minimum contribution varies between 2.3% and 4.26% of eligible payroll according on the classification of the employer.
<i>Commission de la santé et de la sécurité au travail</i>	The employer contribution rate varies according to the type of activity undertaken by the employee.
Workforce skills development and recognition fund (for any employer's total payroll exceeds C\$2 million)	If the employer's total payroll exceeds C\$2 million, 1% of the total payroll is required to be spent on eligible training expenditures.

PRC

During the year ended 31 December 2018, CMON Foshan was established with an aim to increase the Group's presence in the PRC market. CMON Foshan has commenced operation in October 2018 with principal business scope of, among others, research and sale of board game products, and carrying on cultural promotion services in relation to board game products and import and export businesses. As a trading company carrying out import and export of board game products, except for the necessary registrations or filings with Customs, competent local branch of State Administration of Foreign Exchange or other relevant bureaus in the PRC, no special consent, license or approval is required to be obtained by CMON Foshan to conduct the activities within its scope of business.

Enterprise Income Tax

According to the Enterprise Income Tax Law enacted by the National People's Congress of the PRC on 16 March 2007 and amended on 24 February 2017 and relevant implementation rules enacted by the State Council of the PRC on 28 November 2007, both in effect from 1 January 2008, a uniform income tax rate of 25% is applied to foreign-invested enterprises like WFOE.

Value Added Tax ("VAT")

According to the Interim Regulation on the Value Added Tax of the PRC ("中華人民共和國增值稅暫行條例") enacted by the State Council of the PRC on 13 December 1993 (and its amendments on 5 November 2008, 6 February 2016 and 19 November 2017) and its implementation rules enacted on 18 December 2008 and amended on 28 October 2011,

the Notice of the Ministry of Finance, the State Administration of Taxation on Adjusting Value-added Tax Rates (“財政部、稅務總局關於調整增值稅稅率的通知”) promulgated on 4 April 2018 and effective on 1 May 2018, and the Announcement on Relevant Policies of Deepening the Value-Added Tax Reform (“關於深化增值稅改革有關政策的公告”) promulgated by Ministry of Finance, State Taxation Administration and General Administration of Customs on 30 March 2019 and effective on 1 April 2019, any entity or individual engaged in the sales of goods, the provision of specified services or the importation of goods in the PRC is generally required to pay VAT on the added value derived during the process of manufacturing, sale or service provided.

There are two types of VAT payers, namely, general VAT payers and small-scale VAT payers. For general VAT payers, the applicable VAT rates are 0%, 2%, 5%, 6%, 9% and 13%, subject to the nature of taxable transaction. For small-scale VAT payers, the applicable VAT rates are 0%, 2%, 3% and 5%, subject to the nature of the taxable transaction.

Employment matters

As at the date of this announcement, there are six employees hired by CMON Foshan. Under PRC law, an employer is required to enter into a written agreement with its employee within 30 days from the date that the employee starts working for the employer. Further, the employer should make social benefits contribution for its eligible employees, which generally consists of endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund based on their actual monthly salaries.

Italy

During the year ended 31 December 2017, CMON Pte. Ltd. has set up a representative office in Italy, which only carries out marketing and promotional activities. According to the Italian law (art. 162 of Testo Unico delle Imposte sui Redditi, D.P.R. 917/1986 as amended according to the Organisation for Economic Co-operation and Development Model Tax Convention), an Italian representative office could be set up exclusively for promotional and research reasons on the Italian market by those foreign parent companies willing to develop their activities in Italy. As an Italian representative office is not performing any activity that may lead to a profit, all the costs of the representative office are fully deductible for the foreign parent company in the place of incorporation of the foreign parent company.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, save and except for the Company’s delay in making the announcement in relation to the acquisition of the property in Singapore which constituted a discloseable transaction of the Company under Chapter 19 of GEM Listing Rules (details of which have been set out in the announcement of the Company dated 3

April 2017), since Listing and up to the Latest Practicable Date, the Group has complied with the GEM Listing Rules as well as all material laws and regulations applicable to its business operations in all material respects.

In order to prevent the recurrence of similar incidents in the future (i.e. delay in making announcement as required under the GEM Listing Rules or Main Board Listing Rules) and to strengthen the internal control of the Group, the Company has adopted a series of remedial measures, for instance, (i) the Company's Hong Kong legal adviser has provided two trainings to all the Directors and senior management of the Company to strengthen their knowledge on the GEM Listing Rules and the Main Board Listing Rules; (ii) further trainings will be provided to the Directors on a regular basis so as to keep them abreast of the latest change in the relevant rules and regulations; (iii) any transaction not in the ordinary course of business of the Group should be reviewed by and discussed among all executive Directors, the financial controller and the joint company secretaries of the Company as well as consulting the legal adviser of the Company before entering into any formal agreements; and (iv) the Company will continue to engage Stephenson Harwood as its Hong Kong legal adviser to advise on ongoing compliance requirements and issues arising under the GEM Listing Rules (or the Main Board Listing Rules after the Transfer of Listing). By doing so, the Board believes that the Company will be able to identify and ascertain any announcement and other compliance requirements under the GEM Listing Rules (or the Main Board Listing Rules after the Transfer of Listing) and be able to comply with any announcement and other compliance requirements in a timely manner.

FINANCIAL INFORMATION OF THE GROUP

The following sets out the management discussion and analysis on the audited consolidated financial information of the Group for the three years ended 31 December 2018 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2019. Investors are reminded to read the following in conjunction with the consolidated financial information included in the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 and the interim report of the Company for the six months ended 30 June 2019, copies of which are made available for viewing on the respective websites of the Company at <http://cmon.com> and of the Stock Exchange at <http://www.hkexnews.hk>.

Summary of results of operations

The following table sets forth the consolidated statements of comprehensive income of the Group for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019.

	Year ended 31 December			Six months ended	
	2016	2017	2018	2018	2019
	US\$	US\$	US\$	US\$	US\$
				(Unaudited)	(Unaudited)
Revenue	20,964,135	29,816,740	28,207,411	9,550,926	12,820,010
Cost of sales	<u>(10,259,875)</u>	<u>(15,432,416)</u>	<u>(13,405,569)</u>	<u>(4,966,935)</u>	<u>(6,948,961)</u>
Gross profit	10,704,260	14,384,324	14,801,842	4,583,991	5,871,049
Other income	219,602	111,502	80,232	316,899	236,533
Other (losses)/gains	—	(73,530)	4,562	17,504	(297,843)
Selling and distribution expenses	(2,317,478)	(4,618,091)	(5,747,190)	(1,592,133)	(2,216,477)
General and administrative expenses					
— Others	(3,676,329)	(5,420,655)	(5,633,085)	(2,825,948)	(3,351,542)
— Professional service fees in respect of Listing preparation	(3,052,277)	—	—	—	—
— Professional service fees in respect of the Transfer of Listing	—	—	(949,756)	(449,174)	(1,053,546)
Operating profit/(loss)	1,877,778	4,383,550	2,556,605	51,139	(811,826)
Finance costs	<u>—</u>	<u>(35,621)</u>	<u>(229,650)</u>	<u>(42,038)</u>	<u>(270,225)</u>
Profit/(loss) before income tax	1,877,778	4,347,929	2,326,955	9,101	(1,082,051)
Income tax expense	<u>(860,158)</u>	<u>(851,310)</u>	<u>(258,685)</u>	<u>(91,655)</u>	<u>(65,562)</u>
Profit/(loss) for the year/period attributable to equity holders of the Company	1,017,620	3,496,619	2,068,270	(82,554)	(1,147,613)
Other comprehensive (loss)/profit					
Items that may be reclassified to profit or loss					
Exchange difference on translation on foreign operations	<u>—</u>	<u>(994)</u>	<u>(21,325)</u>	<u>1,671</u>	<u>—</u>
Other comprehensive (loss)/profit, net of tax	<u>—</u>	<u>(994)</u>	<u>(21,325)</u>	<u>1,671</u>	<u>—</u>
Profit/(loss) and total comprehensive income/ (loss) for the year/period attributable to equity holders of the Company	<u>1,017,620</u>	<u>3,495,625</u>	<u>2,046,945</u>	<u>(80,883)</u>	<u>(1,147,613)</u>

Note: The Company has adopted the transitional arrangement as permitted by IFRS 16 and no restatement of prior year financial is required.

Revenue

The Group's 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, mainly due to the increase in Kickstarter sales. For the year ended 31 December 2018, the Group's revenue was approximately US\$28.2 million, representing a decrease of approximately 5.4% from approximately US\$29.8 million for the year ended 31 December 2017, mainly due to the decrease in Kickstarter sales. The Group's 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, mainly due to the increase in wholesalers' sales.

Revenue by sales channels

The following table sets out a breakdown of the Group's revenue by sales channels for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	2016		Year ended 31 December				Six months ended 30 June			
	US\$	%	2017	%	2018	%	2018	%	2019	%
			US\$		US\$		(Unaudited)		(Unaudited)	
Direct										
Kickstarter	11,468,346	54.7	20,597,558	69.1	15,237,000	54.0	3,156,427	33.0	1,938,301	15.1
Online store and game conventions	848,312	4.1	870,213	2.9	1,235,755	4.4	455,250	4.8	57,173	0.5
Mobile games	23,501	0.1	9,098	—	4,007	—	2,834	—	727	—
Wholesalers	<u>8,623,976</u>	<u>41.1</u>	<u>8,339,871</u>	<u>28.0</u>	<u>11,730,649</u>	<u>41.6</u>	<u>5,936,415</u>	<u>62.2</u>	<u>10,823,809</u>	<u>84.4</u>
Total	<u>20,964,135</u>	<u>100.0</u>	<u>29,816,740</u>	<u>100.0</u>	<u>28,207,411</u>	<u>100.0</u>	<u>9,550,926</u>	<u>100.0</u>	<u>12,820,010</u>	<u>100.0</u>

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 the shipment of Kickstarter projects including *Massive Darkness*, *Rising Sun*, *The World of SMOG: Rise of Moloch* and *Zombicide: Green Horde* with total fund raising amount of approximately US\$14.0 million in 2017. Revenue via Kickstarter for the year ended 31 December 2018 was mainly contributed by the shipment of *A Song of Ice & Fire: Tabletop Miniatures Game*, *Arcadia Quest: Riders*, *Cthulhu: Death May Die*, *HATE*, *Starcadia Quest* and *Zombicide: Invader* with total fund raising amount of approximately US\$10.2 million. Therefore, revenue via Kickstarter decreased from approximately US\$20.6 million for the year ended 31 December 2017 to approximately US\$15.2 million for the year ended 31 December 2018. Revenue via Kickstarter for the six months ended 30 June 2019 was mainly contributed by the shipment of the outstanding orders of *Cthulhu: Death May Die*, *HATE*, *Starcadia Quest* and *Zombicide: Invader* during the period.

Revenue from wholesalers' sales remained relatively stable at approximately US\$8.6 million for the year ended 31 December 2016 and approximately US\$8.3 million for the year ended 31 December 2017. The relatively stable revenue from wholesalers' sales for the year ended 31 December 2017 was mainly due to the fact that most of the new Kickstarter games, namely *Rising Sun*, *The World of SMOG: Rise of Moloch* and *Zombicide: Green Horde*, were shipped near the year end with less significant contribution from wholesalers' sales. Revenue from wholesalers' sales increased from approximately US\$8.3 million for the year ended 31 December 2017 to approximately US\$11.7 million for the year ended 31 December 2018, mainly due to (i) the recognition of wholesalers' sales of those new Kickstarter games shipped in late 2017 which contributed an aggregate of wholesalers' sales of approximately US\$2.9 million; (ii) the recognition of wholesalers' sales of approximately US\$1.6 million of *A Song of Ice & Fire: Tabletop Miniatures Game*, a Kickstarter game which was launched in 2017 and shipped in 2018; (iii) the increase in wholesalers' sales of *Zombicide* from US\$510,290 for the year ended 31 December 2017 to approximately US\$1.5 million for the year ended 31 December 2018; and (iv) the recognition of wholesalers' sales of the new games launched in 2018. Revenue from wholesalers' sales increased from approximately US\$5.9 million for the six months ended 30 June 2018 to approximately US\$10.8 million for the six months ended 30 June 2019, mainly due to the recognition of sales of the increased orders from wholesalers for *75 Gnom' Street*, *A Song of Ice & Fire: Tabletop Miniatures Game*, *Arcadia Quest: Inferno*, *Council of Four*, *Cthulhu: Death May Die*, *Ethnos*, *Gang Rush: Breakout*, *Gekido: Bot Battles*, *Gizmos*, *Krosmaster Quest*, *Monstrous*, *Narcos*, *Newton*, *River Wars*, *Rum & Bones: Second Tide*, *The Godfather: Corleone's Empire*, *The Grizzled: Armistice Edition*, *The Others: 7 Sins*, *Victorian Masterminds*, *Wacky Races*, *Wrath of Kings* and *XenoShyft: Dreadmire*. Wholesalers' sales from each of the above games were above US\$100,000, which together contributed approximately US\$5.1 million wholesale sales for the six months ended 30 June 2019. Besides, the Group recorded wholesale sales from *Zombicide* series of approximately US\$2.7 million for the six months ended 30 June 2019. During the six months ended 30 June 2019, out of the five largest customers, three of them were new customers with two years of business relationship with the Group or less. The three new customers which together accounted for approximately 80.5% of the increase in wholesalers' sales during the period, as such customers decided to build up their portfolio of the Group's games during the period. Please refer to the paragraph headed "Business — Top customers" in this announcement for details. Revenue from such three new customers was approximately US\$3.9 million, representing approximately 30.7% of the Group's total revenue for the six months ended 30 June 2019.

Revenue from online store and game conventions remained relatively stable at US\$848,312 and US\$870,213 for the two years ended 31 December 2017, respectively. Revenue from online store and game conventions increased from US\$870,213 for the year ended 31 December 2017 to approximately US\$1.2 million for the year ended 31 December 2018, mainly due to (i) the recognition of sales from those new Kickstarter games shipped since late 2017, namely *A Song of Ice & Fire: Tabletop Miniatures Game*, *Cthulhu: Death May Die*, *Rising Sun*, *The World of SMOG: Rise of Moloch*, *Zombicide: Green Horde* and *Zombicide: Invader*, with aggregate revenue of US\$274,446; and (ii) the

increase in sales of *Zombicide* from US\$1,490 for the year ended 31 December 2017 to US\$182,545 for the year ended 31 December 2018. Revenue from online store and game conventions decreased from US\$455,250 for the six months ended 30 June 2018 to US\$57,173 for the six months ended 30 June 2019. As the Group reduced its resources in attending game conventions during the six months ended 30 June 2019, there was a significant reduction in sales from game conventions during the period. Sales from online store and game conventions for the six months ended 30 June 2019 was mainly contributed by the sales of US\$30,058 of *A Song of Ice & Fire: Tabletop Miniatures Game*.

Sales from mobile games for the three years ended 31 December 2018 and the six months ended 30 June 2019 represented sales of the mobile game *XenoShyft (mobile)*, which was launched in June 2015.

Revenue by categories

The following table sets out the breakdown of the Group's revenue by categories for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	2016		Year ended 31 December				Six months ended 30 June			
	US\$	%	2017	2018	2018	2019	2018	2019	2018	2019
			US\$	US\$	US\$	US\$	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Board games	20,485,617	97.7	29,301,745	23,261,711	6,270,218	10,546,421	97.7	98.3	82.5	82.3
Miniatures war games	188,991	0.9	365,440	4,583,409	3,238,754	1,344,172	0.9	1.2	16.2	10.5
Mobile games	23,501	0.1	9,098	4,007	2,834	727	0.1	—	—	—
Sub-total	20,698,109	98.7	29,676,283	27,849,127	9,511,806	11,891,320	98.7	99.6	99.6	92.8
Other products	266,026	1.3	140,457	358,284	39,120	928,690	1.3	0.4	0.4	7.2
Total	20,964,135	100.0	29,816,740	28,207,411	9,550,926	12,820,010	100.0	100.0	100.0	100.0

The Group's revenue was mainly derived from board games, which accounted for approximately 97.7%, 98.3%, 82.5% and 82.3% of the total revenue for the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

Revenue from board games increased 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 mainly because of the recognition of sales from board games launched since the second half of 2016, including *Massive Darkness*, *Rising Sun*, *The World of SMOG: Rise of Moloch* and *Zombicide: Green Horde*. Revenue from board games decreased from approximately US\$29.3 million for the year ended 31 December 2017 to approximately US\$23.3 million for the year ended 31 December 2018, which was mainly due to the decrease in the recognition of sales from new Kickstarter board games for the year ended 31 December 2018. During the year ended 31 December 2017, the Group recognised revenue from Kickstarter board game projects including *Massive Darkness*, *Rising Sun*, *The World of SMOG: Rise of Moloch* and *Zombicide: Green Horde* with total fund raising amount of approximately US\$14.0 million. However, during the year ended

31 December 2018, the Group recognised revenue from Kickstarter board game projects including *Arcadia Quest: Riders*, *Cthulhu: Death May Die*, *HATE*, *Starcadia Quest* and *Zombicide: Invader* with total fund raising amount of approximately US\$8.5 million only. Revenue from board games increased from approximately US\$6.3 million for the six months ended 30 June 2018 to approximately US\$10.5 million for the six months ended 30 June 2019, which was mainly due to the (i) the recognition of revenue of approximately US\$1.9 million from Kickstarter board game projects including *Cthulhu: Death May Die*, *HATE*, *Starcadia Quest* and *Zombicide: Invader* during the six months ended 30 June 2019 while Kickstarter sales of US\$482,734 from *Arcadia Quest: Riders* and *Zombicide: Green Horde* was recorded during the same period in 2018; and (ii) the increased orders from wholesalers for *75 Gnom' Street*, *Arcadia Quest: Inferno*, *Council of Four*, *Cthulhu: Death May Die*, *Ethnos*, *Gang Rush: Breakout*, *Gekido: Bot Battles*, *Gizmos*, *Krosmaster Quest*, *Monstrous*, *Narcos*, *Newton*, *River Wars*, *Rum & Bones: Second Tide*, *The Godfather: Corleone's Empire*, *The Grizzled: Armistice Edition*, *The Others: 7 Sins*, *Victorian Masterminds*, *Wacky Races*, *XenoShyft: Dreadmire*, *Zombicide: Green Horde*, *Zombicide: Invader*, *Zombicide: Season 2* and *Zombicide: Season 3* with total amount of approximately US\$6.0 million. Wholesalers' sales from each of the above games were above US\$100,000.

No new miniature war game was shipped during the two years ended 31 December 2017. Revenue from miniature war games for the two years ended 31 December 2017 mainly represented revenue from the previously launched miniature war games including *Dark Age* and *Wrath of Kings*. Revenue of miniature war games for the year ended 31 December 2018 and the six months ended 30 June 2019 mainly comprised revenue of approximately US\$4.4 million and approximately US\$1.0 million, respectively, from *A Song of Ice & Fire: Tabletop Miniatures Game*, which was a Kickstarter miniature war game launched in 2017 and shipped in 2018.

Other products mainly consist of revenue from sales at the online store or wholesalers' sale of accessories and other game products that the Group sourced from other third party publishers and game companies. Revenue from such third party accessories and other game products fluctuated according to the demand from the Group's customers and the level of inventories that the Group stocked from time to time as part of the Group's strategy to identify customer trends and market preferences.

Revenue by geographical markets

The following table sets forth a breakdown of the Group's revenue by geographical markets based on location of the customers for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	2016		Year ended 31 December				Six months ended 30 June			
	US\$	%	2017		2018		2018		2019	
			US\$	%	US\$	%	US\$	%	US\$	%
							(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
North America	11,546,173	55.1	15,602,540	52.3	21,638,549	76.7	5,553,747	58.2	6,018,363	46.9
Europe	7,829,071	37.3	11,230,864	37.7	4,553,980	16.1	2,876,315	30.1	3,919,533	30.6
Asia	626,047	3.0	1,156,739	3.9	1,542,619	5.5	433,139	4.5	1,814,969	14.2
Oceania	794,214	3.8	1,439,011	4.8	416,832	1.5	592,260	6.2	308,561	2.4
South America	152,212	0.7	373,586	1.3	37,231	0.1	79,868	0.8	758,584	5.9
Africa	16,418	0.1	14,000	—	18,200	0.1	15,597	0.2	—	—
Total	20,964,135	100.0	29,816,740	100.0	28,207,411	100.0	9,550,926	100.0	12,820,010	100.0

North America and Europe (in particular Germany, France and the UK) remained as the Group's key markets. North America accounted for approximately 55.1%, 52.3%, 76.7% and 46.9% of the Group's total revenue for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively, whilst Europe accounted for approximately 37.3%, 37.7%, 16.1% and 30.6% of the Group's total revenue for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively. The Group served these markets directly (mainly via Kickstarter and the Group's online store) and via its network of wholesalers. For relatively new markets such as Asia and Oceania, the Group typically sells the games via wholesalers based in the respective geographical areas. Other markets besides North America and Europe contributed in aggregate approximately 7.6%, 10.0%, 7.2% and 22.5% of the total revenue for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively.

Revenue by ownership

The following table sets forth a breakdown of the Group's revenue by ownership for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	2016		Year ended 31 December				2018		Six months ended 30 June			
	US\$	%	2017		2018		2018		2019			
			US\$	%	US\$	%	US\$	%	US\$	%		
							(Unaudited)		(Unaudited)			
Self-owned games	19,582,259	93.4	26,639,265	89.3	17,434,363	61.8	5,165,002	54.1	6,686,362	52.2		
Licensed games	570,949	2.7	1,955,700	6.6	9,253,219	32.8	3,686,934	38.6	4,069,437	31.7		
Third party games	544,901	2.6	1,081,318	3.6	1,161,545	4.1	659,870	6.9	1,135,521	8.9		
Revenue from games	20,698,109	98.7	29,676,283	99.5	27,849,127	98.7	9,511,806	99.6	11,891,320	92.8		
Other products	266,026	1.3	140,457	0.5	358,284	1.3	39,120	0.4	928,690	7.2		
Total	20,964,135	100.0	29,816,740	100.0	28,207,411	100.0	9,550,926	100.0	12,820,010	100.0		

During the three years ended 31 December 2018 and the six months ended 30 June 2019, the Group's revenue was mainly derived from self-owned games, which accounted for approximately 93.4%, 89.3%, 61.8% and 52.2% of the Group's total revenue, respectively.

The Group's revenue from self-owned games increased by approximately 35.7% from approximately US\$19.6 million for the year ended 31 December 2016 to approximately US\$26.6 million for the year ended 31 December 2017, which was mainly due to the recognition of (i) revenue of approximately US\$5.1 million from *Massive Darkness*, a Kickstarter game launched in June 2016 and shipped in 2017; and (ii) revenue from various new self-owned games launched in 2017 namely, *Rising Sun*, *The World of SMOG: Rise of Moloch* and *Zombicide: Green Horde*, which together contributed revenue of approximately US\$16.1 million for the year ended 31 December 2017. The Group's revenue from self-owned games decreased by approximately 34.6% from approximately US\$26.6 million for the year ended 31 December 2017 to approximately US\$17.4 million for the year ended 31 December 2018, which was mainly due to the decrease in sales from new self-owned Kickstarter projects for the year ended 31 December 2018. During the year ended 31 December 2017, the Group recognised revenue from new self-owned Kickstarter projects namely *Massive Darkness*, *Rising Sun*, *The World of SMOG: Rise of Moloch* and *Zombicide: Green Horde* with total fund raising amount of approximately US\$14.0 million. However, during the year ended 31 December 2018, the Group recognised revenue from new self-owned Kickstarter projects namely *Arcadia Quest: Riders*, *HATE*, *Starcadia Quest* and *Zombicide: Invader* with total fund raising amount of approximately US\$6.1 million only. The Group's revenue from self-owned games increased from approximately US\$5.2 million for the six months ended 30 June 2018 to approximately US\$6.7 million for the six months ended 30 June 2019, which was mainly contributed by the recognition of revenue from (i) new self-owned Kickstarter projects first shipped in the second half of 2018, namely *HATE*, *Starcadia Quest* and *Zombicide: Invader*, with total revenue of approximately US\$2.7 million; and (ii) the sales from games in the *Zombicide* series (other than *Zombicide: Invader*) with total revenue of approximately US\$1.5 million.

The Group's revenue from licensed games increased by approximately 250.3% from US\$570,949 for the year ended 31 December 2016 to approximately US\$2.0 million for the year ended 31 December 2017 mainly due to the recognition of revenue from the new licensed games namely, *Ethnos* and *The Godfather: Corleone's Empire*, which in aggregate contributed revenue of approximately US\$1.3 million for the year ended 31 December 2017. The Group's revenue from licensed games further increased by approximately 365.0% from approximately US\$2.0 million for the year ended 31 December 2017 to approximately US\$9.3 million for the year ended 31 December 2018, which was mainly due to the recognition of (i) revenue of approximately US\$4.4 million from *A Song of Ice & Fire: Tabletop Miniatures Game*, which was a Kickstarter miniature war game launched in 2017 and shipped in 2018; and (ii) revenue of approximately US\$3.3 million from *Cthulhu: Death May Die*, which was a Kickstarter board game launched and shipped in 2018. The Group's revenue from licensed games increased from approximately US\$3.7 million for the six months ended 30 June 2018 to approximately US\$4.1 million for the six months ended 30 June 2019, which was mainly due to the recognition of (i) revenue of US\$996,523 from *A Song of Ice & Fire: Tabletop Miniatures Game*, which was a Kickstarter miniature war game launched in 2017 and shipped in 2018; (ii) revenue of US\$784,202 from *Cthulhu: Death May Die*, which was a Kickstarter board game launched and shipped in 2018; and (iii) revenue of US\$687,547 from *Rivet Wars* due to the increased orders from wholesalers.

The Group's revenue from third party games increased by approximately 101.9% from US\$544,901 for the year ended 31 December 2016 to approximately US\$1.1 million for the year ended 31 December 2017. Majority of the revenue from third party games for the two years ended 31 December 2017 was contributed by *Potion Explosion*, which accounted for approximately 39.8% and 41.0% of the total revenue from third party games for the two years ended 31 December 2017, respectively. The increase in the revenue from third party games for the year ended 31 December 2017 was mainly attributed to the increase in revenue from *Potion Explosion* from US\$217,009 for the year ended 31 December 2016 to US\$443,211 for the year ended 31 December 2017 and the contribution from new third party games namely, *Lorenzo il Magnifico* and *Unfair*, which in aggregate contributed revenue of US\$253,018 for the year ended 31 December 2017. The Group's revenue from third party games remained relatively stable at approximately US\$1.1 million for the year ended 31 December 2017 and approximately US\$1.2 million for the year ended 31 December 2018. The Group's revenue from third party games increased from US\$659,870 for the six months ended 30 June 2018 to approximately US\$1.1 million for the six months ended 30 June 2019, which was mainly due to the increase in orders from wholesalers for *75 Gnom' Street*, *Gang Rush: Breakout*, *Krosmaster Quest*, *Monstrous* and *Newton* with total revenue of US\$659,286 for the six months ended 30 June 2019.

Revenue by games

The following table sets forth a breakdown of the Group's revenue by games for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	For the year ended 31 December			Six months ended	
	2016	2017	2018	2018	2019
	US\$	US\$	US\$	US\$	US\$
				(Unaudited)	(Unaudited)
Self-owned games					
<i>Arcadia Quest</i>	407,551	549,979	583,982	243,621	189,267
<i>Arcadia Quest: Inferno</i>	3,729,156	320,673	—	—	120,126
<i>Arcadia Quest: Riders</i>	—	—	514,247	456,920	—
<i>Blood Rage</i>	2,003,317	735,968	214,310	182,404	121,293
<i>Council of Four</i>	—	—	104,946	97,930	110,408
<i>Dark Age</i>	75,599	243,665	106,919	98,967	22,181
<i>Dogs of War</i>	7,514	12,123	3,434	3,096	468
<i>Foodies</i>	—	—	—	—	57,483
<i>HATE</i>	—	—	2,289,683	—	573,200
<i>Kaosball</i>	19,200	7,255	20,218	9,258	32,742
<i>Masmorra: Dungeons of</i>					
<i>Arcadia</i>	2,007,395	164,450	20,657	13,077	6,039
<i>Massive Darkness</i>	—	5,069,281	530,911	267,784	87,628
<i>Richard the Lionheart</i>	—	44,285	120,949	117,902	8,024
<i>Rising Sun</i>	—	6,040,101	1,677,868	1,380,792	229,614
<i>Rum & Bones</i>	246,221	68,081	9,228	6,570	10,996
<i>Rum & Bones: Second Tide</i>	1,867,661	269,422	61,731	55,397	165,077
<i>Sheriff of Nottingham</i>	155,750	117,025	86,785	10,500	85,849
<i>Sherlock</i>	—	20,915	2,563	920	776
<i>Starcadia Quest</i>	—	—	1,501,306	—	196,165
<i>Ta-Da!</i>	19,784	7,553	7,505	4,826	641
<i>The Grizzled</i>	268,234	159,592	179,089	75,011	68,570
<i>The Grizzled: Armistice Edition</i>	—	—	79,301	—	237,274
<i>The Others: 7 sins</i>	3,318,102	281,442	122,596	63,729	120,144
<i>The World of SMOG: On Her</i>					
<i>Majesty's Service</i>	16,698	8,564	8,025	6,421	766
<i>The World of SMOG: Rise of</i>					
<i>Moloch</i>	—	1,913,666	147,786	62,469	55,676
<i>Victorian Masterminds</i>	—	—	5,054	—	275,769
<i>Wrath of Kings</i>	113,392	121,794	88,200	46,464	325,468
<i>XenoShyft: Dreadmire</i>	716,336	68,593	5,523	3,224	217,576
<i>XenoShyft (mobile)</i>	23,501	9,098	4,007	2,834	727
<i>XenoShyft: Onslaught</i>	86,388	25,379	17,006	11,039	7,770
<i>Zombicide</i>	823,707	511,780	1,691,604	906,174	319,036
<i>Zombicide: Black Plague</i>	2,913,228	1,386,974	413,371	407,513	248,680
<i>Zombicide: Green Horde</i>	—	8,109,924	1,433,426	304,365	502,354
<i>Zombicide: Invader</i>	—	—	4,867,416	—	1,896,887
<i>Zombicide: Season 2</i>	242,075	204,357	287,952	215,192	265,971
<i>Zombicide: Season 3</i>	521,450	167,326	226,765	110,603	125,717

	For the year ended 31 December			Six months ended	
	2016	2017	2018	30 June	
	US\$	US\$	US\$	2018	2019
				US\$	US\$
				(Unaudited)	(Unaudited)
Licensed games					
<i>A Song of Ice & Fire: Tabletop Miniatures Game</i>	—	—	4,388,290	3,093,323	996,523
<i>B-Sieged: Sons of the Abyss</i> ^(Note)	193,807	9,606	15,130	9,068	—
<i>Bloodborne: The Card Game</i>	256,091	382,423	345,108	161,622	148,514
<i>Blue Moon City</i>	—	—	44,739	—	84,930
<i>Cthulhu: Death May Die</i>	—	—	3,267,219	—	784,202
<i>Dojo Kun</i>	—	34,652	19,922	18,110	67,537
<i>Dream On</i>	—	9,968	116,766	108,893	36,874
<i>Ethnos</i>	—	302,049	222,503	93,595	162,667
<i>Gateway Uprising</i>	—	24,806	31,306	30,822	12,534
<i>Gekido: Bot Battles</i>	—	48,800	3,345	3,070	191,411
<i>Gizmos</i>	—	—	405,594	43,395	153,997
<i>God of War: The Card Game</i>	—	—	—	—	34,473
<i>Guilds of Cadwallon</i>	1,605	727	569	541	1,274
<i>Kick-Ass</i>	—	—	78,588	—	76,579
<i>Kronia</i>	—	36,318	734	304	128
<i>Looterz</i>	43,792	25,425	18,031	11,497	40,847
<i>Masques</i>	10,667	2,855	279	198	—
<i>Modern Art</i>	—	67,371	39,266	33,950	34,411
<i>Narcos</i>	—	—	35,082	—	228,761
<i>Play Me</i>	21,412	2,467	1,072	897	57,516
<i>Queen's Necklace</i>	3,647	2,444	2,618	2,274	228
<i>Rivet Wars</i>	37,983	41,727	29,808	18,942	687,547
<i>Sedition Wars: Battle for Alabaster</i> ^(Note)	1,945	—	—	—	—
<i>The Godfather: Corleone's Empire</i> ^(Note)	—	964,062	187,250	56,433	132,626
<i>Wacky Races</i>	—	—	—	—	135,858

	For the year ended 31 December			Six months ended	
	2016	2017	2018	30 June	
	US\$	US\$	US\$	2018	2019
				US\$	US\$
				(Unaudited)	(Unaudited)
Third party games					
<i>13 Clues</i>	—	—	27,698	26,237	7,726
<i>75 Gnom' Street</i>	—	27,210	—	—	156,097
<i>Banana Bandits</i>	—	38,334	927	182	135
<i>Cthulhu in the House</i>	12,880	23,095	1,195	828	7,790
<i>Dragon Castle</i>	—	—	312,419	170,033	32,438
<i>Gang Rush: Breakout</i>	—	55,141	—	—	141,382
<i>Kaleidos</i>	15,268	2,651	1,024	1,024	49,247
<i>Kingz</i>	10	9,636	—	—	—
<i>Kreus</i>	2,210	15,721	254	186	5
<i>Krosmaster Arena</i>	53,823	45,637	—	—	—
<i>Krosmaster Quest</i>	161,960	4,934	—	—	146,414
<i>Lorenzo il Magnifico</i>	—	111,193	119,033	70,804	30,293
<i>Meeple War</i>	—	30,612	5,322	4,234	63,302
<i>Monstrous</i>	60	17,335	108	108	104,493
<i>Newton</i>	—	—	116,871	—	110,998
<i>Potion Explosion</i>	217,009	443,211	284,643	253,447	202,716
<i>Railroad Ink</i>	—	—	126,441	16,721	7
<i>Raise Your Goblets</i>	1,160	80,185	24,874	—	8,551
<i>Rumble in the Dungeon</i>	8,800	21,784	2,828	1,275	68,971
<i>Unfair</i>	—	141,825	35,825	23,450	133
<i>Unusual Suspects</i>	68,576	12,257	19,221	13,320	3,274
<i>Waka Tanka</i>	3,145	557	340	271	—
<i>Walls of York</i>	—	—	—	—	1,141
<i>Way of the Panda</i>	—	—	82,522	77,750	408
Total revenue from games	20,698,109	29,676,283	27,849,127	9,511,806	11,891,320
Revenue contributed by the top game	3,729,156	8,109,924	4,867,416	3,093,323	1,896,887
Revenue contributed by the top 10 games	18,307,903	25,724,946	22,231,705	7,529,131	6,626,957
Revenue contributed by new games shipped during the year/period	12,691,047	23,090,513	18,247,416	3,982,309	228,955
Total number of games with revenue contribution in the relevant year/period	43	62	74	63	78

Note: The licensing agreements for *B-Sieged: Sons of the Abyss*, *Sedition Wars: Battle for Alabaster* and *The Godfather: Corleone's Empire* expired in August 2018, January 2016 and July 2019, respectively. For details, please refer to the paragraph headed “Business of the Group — Games — Licensed games” in this announcement.

Revenue from games increased from approximately US\$20.7 million for the year ended 31 December 2016 to approximately US\$29.7 million for the year ended 31 December 2017 and approximately US\$27.8 million for the year ended 31 December 2018. Revenue from games also increased from approximately US\$9.5 million for the six months ended 30 June 2018 to approximately US\$11.9 million for the six months ended 30 June 2019.

There were 23 new games with revenue recognised in 2016, which in aggregate generated total revenue of approximately US\$12.7 million, representing approximately 61.3% of the total revenue from games for the year ended 31 December 2016. There were 20 new games with revenue recognised in 2017, which in aggregate generated total revenue of approximately US\$23.1 million, representing approximately 77.8% of the total revenue from games for the year ended 31 December 2017. There were 18 new games with revenue recognised in the year ended 31 December 2018, which in aggregate generated total revenue of approximately US\$18.2 million, representing approximately 65.5% of the total revenue from games for the year ended 31 December 2018. There were seven new games with revenue recognised for the six months ended 30 June 2018, which in aggregate generated total revenue of approximately US\$4.0 million, representing approximately 41.9% of the total revenue from games for the six months ended 30 June 2018. For the six months ended 30 June 2019, there were four new games, namely *Foodies*, *God of War: The Card Game*, *Wacky Races* and *Walls of York*, which generated revenue of US\$228,955, representing approximately 1.9% of the total revenue from games for the same period.

The *Zombicide* series is the most popular game series of the Group and continues to be the Group's major revenue sources since *Zombicide* was first launched in 2012. The *Zombicide* series in aggregate contributed approximately 21.7%, 35.0%, 32.0% and 28.2% of the Group's total revenue from games for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively.

Average selling price and sales volume

The following table sets out the average selling price and sales volume of the Group's games for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	For the year ended 31 December			Six months ended	
	2016	2017	2018	30 June 2018	2019
Average selling price (US\$)	35	35	37	27	25
Sales volume (unit)	<u>600,520</u>	<u>848,050</u>	<u>747,574</u>	<u>350,160</u>	<u>479,003</u>

The average selling price of the Group's products remained relatively stable at approximately US\$35 for the two years ended 31 December 2017. The average selling price of the Group's products increased from approximately US\$35 for the year ended 31 December 2017 to approximately US\$37 for the year ended 31 December 2018, which was mainly due to the increased proportion of sales from miniature games, which in general

carry higher selling prices than board games and mobile games. For the year ended 31 December 2018, sales from miniature games accounted for approximately 16.2% of the total revenue of the Group as compared to approximately 1.2% for the year ended 31 December 2017. The average selling price of the Group's products decreased from approximately US\$27 for the six months ended 30 June 2018 to approximately US\$25 for the six months ended 30 June 2019, which was mainly due to the sale of some inventories by the Group at higher discount to MSRP during the period.

Sales volume increased from 600,520 for the year ended 31 December 2016 to 848,050 for the year ended 31 December 2017, which was in line with the Group's expansion in business scale and game portfolio. The decreasing trend in sales volume to 747,574 for the year ended 31 December 2018 was mainly due to the decrease in revenue during the year. Sales volume increased from 350,160 for the six months ended 30 June 2018 to 479,003 for the six months ended 30 June 2019, which was in line with the increase in revenue during the period.

Cost of sales

The Group's cost of sales primarily consists of cost of inventories, shipping and handling charges, depreciation and amortisation. The following table sets out a breakdown of the Group's cost of sales for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	For the year ended 31 December			Six months ended	
	2016	2017	2018	30 June 2018	30 June 2019
	US\$	US\$	US\$	US\$	US\$
				(Unaudited)	(Unaudited)
Cost of inventories	7,213,575	10,459,716	7,592,042	2,680,440	4,388,334
Shipping and handling charges	2,046,461	3,358,625	3,374,618	1,135,068	1,286,573
Depreciation	480,398	658,533	823,683	408,643	391,523
Amortisation	509,441	852,810	1,415,226	742,784	882,531
Other expenses	10,000	102,732	200,000	—	—
Total	10,259,875	15,432,416	13,405,569	4,966,935	6,948,961

The cost of inventories consist of cost of finished products charged by the Group's supply chain managers and other suppliers, which increased over the two years ended 31 December 2017 as a result of the increase in the Group's game portfolio and revenue. The decrease in cost of inventories for the year ended 31 December 2018 as compared to the same period in 2017 was mainly due to the decrease in revenue as well as the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A after taking into account of the recent downward price trend of paper, the reputation of the Group, the order size, expected business growth and the intention to develop long-term business relationship with the Group. The average cost of inventories per unit (cost of inventories divided by sales volume) decreased from approximately US\$12.3 for the year ended 31 December 2017 to approximately US\$10.2 for the year ended 31 December

2018. The increase in cost of inventories 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 was in line with the increase in revenue during the period. The average cost of inventories per unit (cost of inventories divided by sales volume) increased from approximately US\$7.7 for the six months ended 30 June 2018 to approximately US\$9.2 for the six months ended 30 June 2019, respectively, which was higher than the average cost of inventories per unit for the year ended 31 December 2018. As the products sold during the six months ended 30 June 2019 consisted of a larger portion of old stocks brought forward from previous financial years with higher average cost, the favourable effect of lower average cost of inventories per unit brought by Supplier A was diluted. As discussed in the paragraph headed “Financial Information of the Group — Revenue — Revenue by sales channels” in this announcement, the Group’s top customers during the six months ended 30 June 2019 made orders covering material number of games carried by the Group, including the old stocks of some games launched in previous years. As a result, approximately 47.5% of the sales for the six months ended 30 June 2019 was attributable to stocks brought forward from 31 December 2018. For the six months ended 30 June 2018, only approximately 29.6% of the sales was attributable to stocks brought forward from 31 December 2017.

Although there is no guarantee that there will not be any upward price adjustment by Supplier A, it is the current intention of both the Group and Supplier A to maintain a long term business relationship and there has not been any material price adjustment made by Supplier A since the co-operation in 2018. Besides, Supplier A is still offering favourable prices to the Group for bulk order purchase made by the Group since 1 January 2019. Therefore, the Directors are of the view that the favourable terms are sustainable for the near future, taking into account the order size of the Group, the bargaining power of the Group and the established business relationship with Supplier A.

Shipping and handling charges are incurred when the Group’s supply chain managers deliver the products to the Group’s office and warehouse at the United States. The Group also incurs shipping and handling charges when the Group delivers the goods to Kickstarter backers, late subscribers and direct customers from the Group’s online store from the office and warehouse of the Group at the United States. During the three years ended 31 December 2018, changes in shipping and handling charges were relatively stable except for the year ended 31 December 2016 due to the temporary change in the Group’s delivery logistics to wholesalers in the United States during the first four months in 2016. It is the usual practice of the Group’s wholesalers to collect the products themselves when the products are shipped from the supply chain managers to the Group’s office and warehouse in the United States. Therefore, costs of shipping products from the supply chain managers to the office and warehouse at the United States are classified as cost of sales as they are incurred to bring the related inventories to their present location and condition ready for sale. However, during the period from January 2016 to April 2016, the Group tried to adopt a new delivery logistics by shipping the goods directly to the wholesalers in the United States from the supply chain managers with an aim to reduce storage time and related costs. The relevant shipping charges did not fall within the

definition of cost of sales and were classified as selling and distribution expenses because they were costs incurred for delivering the products directly to the customers due to sales to customers. As the total costs incurred for this new delivery logistics were substantially higher, the Group has aborted this trial logistics method since May 2016 and re-adopted the original model. As a result of the classification of the shipping and handling charges in relation to sales to wholesalers in the United States as selling and distribution expenses during the first four months of 2016, the Group's recorded lower shipping and handling charges in cost of sales for the year ended 31 December 2016. The increase in shipping and handling charges for the six months ended 30 June 2019 as compared with the same period in 2018 was mainly due to the increase in revenue during the period.

Total depreciation and amortisation increased throughout the Reporting Period, which was generally in line with the increase in the scale of operation and game portfolio; and the addition of IP rights for *Blood Rage*, *Council of Four*, *Massive Darkness*, *Rising Sun*, *The Grizzled*, *The Others: 7 Sins*, *The World of SMOG* and *Zombicide* and capitalisation of product development costs.

Gross profit and gross profit margin

The Group's gross profit increased 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, and further increased to approximately US\$14.8 million for the year ended 31 December 2018. Gross profit margin was approximately 51.1%, 48.2% and 52.5% for the three years ended 31 December 2018, respectively. The increase in gross profit margin for the year ended 31 December 2018 was mainly due to the decrease in cost of inventories primarily resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed "Cost of sales" above. The Group's gross profit increased from approximately US\$4.6 million for the six months ended 30 June 2018 to approximately US\$5.9 million for the six months ended 30 June 2019, mainly due to the increase in revenue during the period. 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, mainly due to the lower contribution from Kickstarter sales which in general enjoy higher margin than sales via other channels.

The Group's gross profit and gross profit margin fluctuated according to product mix in terms of the type and nature of games sold. The following table is a summary of the gross profit and gross profit margin by sales channels, category of games and game ownership during the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019:

	Year ended 31 December						Six months ended 30 June			
	2016		2017		2018		2018		2019	
	US\$	%	US\$	%	US\$	%	US\$	%	US\$	%
							(Unaudited)		(Unaudited)	
By sales channels <i>(Note)</i>										
Kickstarter	5,766,873	50.3	9,819,956	47.7	8,204,105	53.8	1,470,853	46.6	966,602	49.9
Wholesalers	4,430,771	51.4	4,056,569	48.6	5,831,361	49.7	2,853,471	48.1	4,864,383	44.9
Online store and game conventions	489,460	57.7	501,198	57.6	763,437	61.8	257,598	56.6	39,433	69.0
Mobile games	17,156	73.0	6,601	72.6	2,939	73.3	2,069	73.0	631	86.8
By category of games										
Board games	10,438,843	51.0	14,102,589	48.1	11,587,102	49.8	2,821,430	45.0	4,776,986	45.3
Miniature war games	103,743	54.9	198,119	54.2	3,116,142	68.0	1,738,901	53.7	715,414	53.2
Mobile games	17,156	73.0	6,601	72.6	2,939	73.3	2,069	73.0	631	86.8
Other products	144,518	54.3	77,015	54.8	95,659	26.7	21,591	55.2	378,018	40.7
By game ownership										
Self-owned games	10,078,044	51.5	13,022,521	48.9	8,636,348	49.5	2,522,947	48.8	3,069,441	45.9
Licensed games	230,269	40.3	788,024	40.3	5,670,986	61.3	1,766,504	47.9	1,946,795	47.8
Third party games	251,429	46.1	496,764	45.9	398,849	34.3	272,948	41.4	476,795	42.0
Other products	144,518	54.3	77,015	54.8	95,659	26.7	21,592	55.2	378,018	40.7

Note: For the purpose of arriving at the respective gross profits by sales channels, depreciation and amortisation are allocated according to the relative revenue ratio of the sales channels.

Gross profit and gross profit margin by sales channels

Revenue from Kickstarter in general enjoy higher gross profit margin than revenue from other sales channels as sales via Kickstarter are charged at MSRP while sales via other sales channels are charged at a discount to MSRP. Besides, the Group charges backers and late pledgers shipping fee for Kickstarter sales, but the Group needs to pay for the expenses for shipping the products from supply chain managers to the Group's office and warehouse in the United States for its US wholesale sales.

Gross profit for revenue from Kickstarter increased by approximately 69.0% from approximately US\$5.8 million for the year ended 31 December 2016 to approximately US\$9.8 million for the year ended 31 December 2017, which was in line with the growth in revenue from Kickstarter during the years. Gross profit margin decreased from approximately 50.3% for the year ended 31 December 2016 to approximately 47.7% for the year ended 31 December 2017, which was mainly due to the increased depreciation and amortisation of IPs which were relatively fixed cost in nature. Gross profit for revenue from Kickstarter decreased from approximately US\$9.8 million for the year

ended 31 December 2017 to approximately US\$8.2 million for the year ended 31 December 2018, which was in line with the decrease in revenue from Kickstarter during the year ended 31 December 2018. Gross profit margin increased from approximately 47.7% for the year ended 31 December 2017 to approximately 53.8% for the year ended 31 December 2018 mainly due to (i) the increased contribution from the sale of miniature games which in general have higher gross margin; and (ii) the decrease in cost of inventories resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed “Cost of sales” above. Gross profit margin for sales via Kickstarter for the six months ended 30 June 2019 of approximately 49.9% was lower than the gross profit margin of approximately 53.8% for the year ended 31 December 2018 because there was no contribution from sale of miniature games via Kickstarter during the six months ended 30 June 2019.

Gross profit for revenue from wholesalers was approximately US\$4.4 million for the year ended 31 December 2016 and decreased slightly by approximately 6.8% to approximately US\$4.1 million for the year ended 31 December 2017, which was in line with the movement in revenue from wholesalers during the years. Gross profit margin was approximately 51.4% for the year ended 31 December 2016 and slightly decreased to approximately 48.6% for year ended 31 December 2017, which was mainly due to the (i) increased contribution from licensed games, which in general have lower gross profit margin than self-owned games and third party games; and (ii) the effect of the temporary change in delivery logistics to wholesalers in 2016 as discussed in the paragraph headed “Cost of sales” above. Gross profit for revenue from wholesalers increased from approximately US\$4.1 million for the year ended 31 December 2017 to approximately US\$5.8 million for the year ended 31 December 2018, which was in line with the increase in revenue from wholesalers during the year ended 31 December 2018. Gross profit margin increased from approximately 48.6% for the year ended 31 December 2017 to approximately 49.7% for the year ended 31 December 2018 mainly due to the decrease in cost of inventories resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed “Cost of sales” above. Gross profit for revenue from wholesalers increased from approximately US\$2.9 million for the six months ended 30 June 2018 to approximately US\$4.9 million for the six months ended 30 June 2019, which was in line with the increase in revenue from wholesalers. Gross profit margin decreased from approximately 48.1% for the six months ended 30 June 2018 to approximately 44.9% for the six months ended 30 June 2019 mainly as a result of the increased average cost of inventories per unit as discussed in the paragraph headed “Cost of sales” above.

Gross profit for games sold at the Group's online store and game conventions increased from US\$489,460 for the year ended 31 December 2016 to US\$501,198 for the year ended 31 December 2017 and US\$763,437 for the year ended 31 December 2018, which was in line with the movement in revenue from online store and game conventions during the years. Gross profit margin remained fairly stable at approximately 57.7% and 57.6% for the two years ended 31 December 2017, respectively and increased to approximately 61.8% for the year ended 31 December 2018, which was mainly due to the decrease in cost of inventories resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed "Cost of sales" above. Gross profit for revenue from online store and game conventions decreased from US\$257,598 for the six months ended 30 June 2018 to US\$39,433 for the six months ended 30 June 2019, which was in line with the decrease in revenue from online store and game conventions. Gross profit margin increased from approximately 56.6% for the six months ended 30 June 2018 to approximately 69.0% for the six months ended 30 June 2019 as majority of the revenue from the Group's online store and game conventions for the six months ended 30 June 2019 was contributed by *A Song of Ice & Fire: Tabletop Miniatures Game*, which is a miniature game which in general enjoys higher margin than other categories of game.

Gross profit and gross profit margin by category of games

Miniature war games in general enjoy higher gross profit margin than other game categories as the production of miniature war games involves less paper and printing which result in lower cost of inventories and at the same time, miniature war games usually carry higher MSRP than other game categories.

Gross profit for board games was approximately US\$10.4 million for the year ended 31 December 2016 and increased by approximately 35.6% to approximately US\$14.1 million for the year ended 31 December 2017, which was in line with the growth in revenue from board games during the years. Gross profit margin was approximately 51.0% for the year ended 31 December 2016 and slightly decreased to approximately 48.1% for the year ended 31 December 2017, which was mainly due to the increased amortisation of IPs in relation to board games of the Group in 2017 as well as the effect of the temporary change in delivery logistics to wholesalers in 2016 as discussed in the paragraph headed "Cost of sales" above. Gross profit for board games decreased by approximately 17.7% from approximately US\$14.1 million for the year ended 31 December 2017 to approximately US\$11.6 million for the year ended 31 December 2018, which was in line with the decrease in revenue from board games during the year ended 31 December 2018. Gross profit margin increased from approximately 48.1% for the year ended 31 December 2017 to approximately 49.8% for the year ended 31 December 2018, which was mainly due to the combined effect of (i) the decrease in cost of inventories resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed "Cost of sales" above; and (ii) increased depreciation and amortisation of IPs in relation to board games of the Group during the year ended 31 December 2018. Gross profit for board games increased from

approximately US\$2.8 million for the six months ended 30 June 2018 to approximately US\$4.8 million for the six months ended 30 June 2019, which was in line with the growth in revenue from board games. Gross profit margin remained fairly stable at approximately 45.0% and 45.3% for the six months ended 30 June 2018 and 2019, respectively.

Gross profit for miniature war games was US\$103,743 for the year ended 31 December 2016 and increased by approximately 91.0% to US\$198,119 for the year ended 31 December 2017, which was in line with the growth in revenue from miniature war games during the years. Gross profit margin remained fairly stable at approximately 54.9% and 54.2% for the two years ended 31 December 2017, respectively. Gross profit for miniature war games increased by approximately 1,464.7% from US\$198,119 for the year ended 31 December 2017 to approximately US\$3.1 million for the year ended 31 December 2018, which was mainly due to the shipment of *A Song of Ice & Fire: Tabletop Miniatures Games*, a Kickstarter miniature war game launched in 2017 and shipped in 2018. Gross profit margin increased from approximately 54.2% for the year ended 31 December 2017 to approximately 68.0% for the year ended 31 December 2018, which was mainly due to the shipment of *A Song of Ice & Fire: Tabletop Miniatures Games* in 2018 as sales via Kickstarter in general have higher gross margin. Gross profit for miniature war games decreased from approximately US\$1.7 million for the six months ended 30 June 2018 to US\$715,414 for the six months ended 30 June 2019, which was in line with the decrease in revenue from miniature war games. Gross profit margin remained fairly stable at approximately 53.7% and 53.2% for the six months ended 30 June 2018 and 2019, respectively.

Gross profit for mobile game was US\$17,156 for the year ended 31 December 2016 and decreased to US\$6,601 for the year ended 31 December 2017 and US\$2,939 for the year ended 31 December 2018, which was in line with the movement in revenue from mobile game during the years. Gross profit margin remained fairly stable at approximately 73.0%, 72.6% and 73.3% for the three years ended 31 December 2018, respectively. Gross profit for mobile game decreased from US\$2,069 for the six months ended 30 June 2018 to US\$631 for the six months ended 30 June 2019, which was in line with the decrease in revenue from mobile game. Gross profit margin increased from approximately 73.0% for the six months ended 30 June 2018 to approximately 86.8% for the six months ended 30 June 2019 as no manpower has been assigned to *XenoShyft (mobile)* in 2019 given its low revenue contribution.

Gross profit for other products was US\$144,518 for the year ended 31 December 2016 and decreased by approximately 46.7% to US\$77,015 for the year ended 31 December 2017, which was in line with the movement in revenue from other products during the year. Gross profit margin remained relatively stable at approximately 54.3% and 54.8% for the two years ended 31 December 2017, respectively. Gross profit for other products increased from US\$77,015 for the year ended 31 December 2017 to US\$95,659 for the year ended 31 December 2018, which was in line with the increase in revenue from other products during the year. Gross profit margin from other products decreased from

approximately 54.8% for the year ended 31 December 2017 to approximately 26.7% for the year ended 31 December 2018, which was mainly due to the increased sales of third party accessories and other game products with relatively low margin during the year. Gross profit for other products increased from US\$21,592 for the six months ended 30 June 2018 to US\$378,018 for the six months ended 30 June 2019, which was in line with the increase in revenue from other products. Gross profit margin decreased from approximately 55.2% for the six months ended 30 June 2018 to approximately 40.7% for the six months ended 30 June 2019, which was mainly due to increased sales of third party accessories and other game products with relatively low margin during the period.

Gross profit and gross profit margin by game ownership

Gross profit for self-owned games was approximately US\$10.1 million for the year ended 31 December 2016 and increased by approximately 28.7% to approximately US\$13.0 million for the year ended 31 December 2017, which was in line with the growth in revenue from self-owned games during the years. Gross profit margin was approximately 51.5% for the year ended 31 December 2016 and slightly decreased to approximately 48.9% for the year ended 31 December 2017, which was mainly due to the increased amortisation of IPs in relation to the self-owned games of the Group during the year as well as the effect of the temporary change in delivery logistics to wholesalers in 2016 as discussed in the paragraph headed “Cost of sales” above. Gross profit for self-owned games decreased by approximately 33.8% from approximately US\$13.0 million for the year ended 31 December 2017 to approximately US\$8.6 million for the year ended 31 December 2018, which was in line with the decrease in revenue from self-owned games during the year ended 31 December 2018. Gross profit margin increased slightly from approximately 48.9% for the year ended 31 December 2017 to approximately 49.5% for the year ended 31 December 2018, which was the combined effect of (i) the decrease in cost of inventories resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed “Cost of sales” above; and (ii) the increased depreciation and amortisation of IPs in relation to self-owned games of the Group during the year ended 31 December 2018. Gross profit for self-owned games increased from approximately US\$2.5 million for the six months ended 30 June 2018 to approximately US\$3.1 million for the six months ended 30 June 2019, which was in line with the increase in revenue from self-owned games. Gross profit margin decreased from approximately 48.8% for the six months ended 30 June 2018 to approximately 45.9% for the six months ended 30 June 2019 mainly due to the increased average cost of inventories per unit as discussed in the paragraph headed “Cost of sales” above and the increased depreciation and amortization of IPs in relation to self-owned games of the Group during the period.

Gross profit for licensed games was US\$230,269 for the year ended 31 December 2016 and increased by approximately 242.2% to US\$788,024 for the year ended 31 December 2017, which was in line with the movement in revenue from licensed games during the years. Gross profit margin remained fairly stable at approximately 40.3% and 40.3% for the two years ended 31 December 2017, respectively. Gross profit for licensed games

increased by 623.3% from US\$788,024 for the year ended 31 December 2017 to approximately US\$5.7 million for the year ended 31 December 2018, which was mainly due to the shipment of *A Song of Ice & Fire: Tabletop Miniatures Games*, a licensed Kickstarter miniature war game launched in 2017 and shipped in 2018, during the year ended 31 December 2018. Gross profit margin increased from approximately 40.3% for the year ended 31 December 2017 to approximately 61.3% for the year ended 31 December 2018, which was mainly due to (i) the contribution from *A Song of Ice & Fire: Tabletop Miniatures Games*, which is a miniature war game which in general enjoys a higher gross profit margin than board games; and (ii) the decrease in cost of inventories resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A as discussed in the paragraph headed “Cost of sales” above. Gross profit for licensed games increased from approximately US\$1.8 million for the six months ended 30 June 2018 to approximately US\$1.9 million for the six months ended 30 June 2019, which was in line with the increase in revenue from licensed games. Gross profit margin remained fairly stable at approximately 47.9% and 47.8% for the six months ended 30 June 2018 and 2019, respectively.

Gross profit for third party games increased by approximately 97.6% from US\$251,429 for the year ended 31 December 2016 to US\$496,764 for the year ended 31 December 2017, which was in line with the movement in revenue from third party games for the two years ended 31 December 2017. Gross profit margin remained fairly stable at approximately 46.1% and 45.9% for the two years ended 31 December 2017, respectively. Gross profit for third party games decreased by approximately 19.7% from US\$496,764 for the year ended 31 December 2017 to US\$398,849 for the year ended 31 December 2018, which was mainly due to the bargain sales conducted by the Group towards the end of 2018 to clear some of the underperforming games. As a result, gross profit margin from third party games also decreased from approximately 45.9% for the year ended 31 December 2017 to approximately 34.3% for the year ended 31 December 2018. Gross profit for third party games increased from US\$272,948 for the six months ended 30 June 2018 to US\$476,795 for the six months ended 30 June 2019, which was in line with the increase in revenue from third party games. Gross profit margin remained fairly stable at approximately 41.4% and 42.0% for the six months ended 30 June 2018 and 2019, respectively.

Other income

The Group’s other income mainly represents income from sales of advertising space on the Group’s website, royalty income received from Independent Third Parties as well as the income from recharge of mobile app development costs of *Zombicide: Tactics & Shotguns* to a business partner according to a future revenue sharing arrangement.

Other income decreased from US\$219,602 for the year ended 31 December 2016 to US\$111,502 for the year ended 31 December 2017 mainly due to the decrease in the amount of mobile app development costs of *Zombicide: Tactics & Shotguns* being recharged to the business partner in 2017.

Other income further decreased from US\$111,502 for the year ended 31 December 2017 to US\$80,232 for the year ended 31 December 2018, which was mainly attributable to the decrease in sales of advertising space on the Group's website.

Other income decreased from US\$316,899 for the six months ended 30 June 2018 to US\$236,533 for the six months ended 30 June 2019. For the six months ended 30 June 2018, there was a recharge for the mobile app development costs to a business partner for the completion of *Zombicide: Tactics & Shotguns* and there was no such item for the six months ended 30 June 2019, hence resulting in the decrease.

Other (losses)/gains

The Group's other (losses)/gains mainly represents exchange (losses)/gains resulted from operations and losses on investments in insurance contracts.

The Group recorded exchange losses of US\$73,530 for the year ended 31 December 2017 as compared to nil for the year ended 31 December 2016, which was mainly resulted from the translation of the salaries of the Canadian office which are denominated in Canadian dollars.

The Group recorded exchange gains of US\$4,562 for the year ended 31 December 2018 as compared to exchange losses of US\$73,530 for the year ended 31 December 2017, which was mainly resulted from the translation of loan repayments which are denominated in Singapore dollars.

The Group recorded other losses of US\$297,843 for the six months ended 30 June 2019 as compared to other gains of US\$17,504 for the six months ended 30 June 2018, which was mainly due to one-off losses of US\$272,711 on investments in insurance contracts.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2017 were approximately US\$4.6 million, nearly doubled 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 the increased headcount in 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.

The Group's selling and distribution expenses increased from approximately US\$4.6 million for the year ended 31 December 2017 to approximately US\$5.7 million for the year ended 31 December 2018, which was mainly due to (i) an increase in employee benefit expenses from approximately US\$1.7 million for the year ended 31 December 2017 to approximately US\$2.3 million for the year ended 31 December 2018 mainly

resulting from the increased headcount in the marketing team during the first half of the year; (ii) an increase in royalty expenses from US\$95,560 for the year ended 31 December 2017 to US\$423,129 for the year ended 31 December 2018 resulting from the recognition of sales of *A Song of Ice & Fire: Tabletop Miniatures Game* in 2018; and (iii) an increase in marketing expenses from US\$691,670 for the year ended 31 December 2017 to US\$832,703 for the year ended 31 December 2018 resulting from the increased marketing activities, such as the participation in large scale game conventions to raise brand awareness of the Group.

The Group's selling and distribution expenses increased from approximately US\$1.6 million for the six months ended 30 June 2018 to approximately US\$2.2 million for the six months ended 30 June 2019, which was mainly due to the increase in royalty expenses from US\$45,093 for the six months ended 30 June 2018 to US\$287,178 for the six months ended 30 June 2019 resulting from the recognition of sales of *A Song of Ice & Fire: Tabletop Miniatures Game* and *Cthulhu: Death May Die* during the period, the increase in marketing and travelling expenses for business development activities and increased marketing expenses for the launch of *Zombicide: Tactics & Shotguns*.

General and administrative expenses

The Group's 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 the Listing preparation for the year ended 31 December 2017 as the Company has 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 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 two properties in Singapore, fees related to consultants engaged for development of the China market and other professional services.

The Group's general and administrative expenses for the year ended 31 December 2018 were approximately US\$6.6 million, representing an increase of approximately 22.2% from approximately US\$5.4 million for the year ended 31 December 2017, which was primarily due to (i) the professional service fees in respect of the Transfer of Listing of US\$949,756 incurred for the year ended 31 December 2018; and (ii) an increase in games development expenses from US\$675,967 for the year ended 31 December 2017 to US\$911,523 for the year ended 31 December 2018 resulting from more intensive game development work for new games.

The Group's general and administrative expenses for the six months ended 30 June 2019 was 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. The increase

was primarily due to (i) the increase in the professional service fees in respect of the Transfer of Listing from US\$449,174 for the six months ended 30 June 2018 to approximately US\$1.1 million for the six months ended 30 June 2019; (ii) share-based expense of US\$200,949 incurred for the six months ended 30 June 2019, which were not charged for the six months ended 30 June 2018; and (iii) the increase in games development expenses from US\$473,841 for the six months ended 30 June 2018 to US\$604,104 for the six months ended 30 June 2019 resulting from more intensive game development work for new games.

Finance costs

The Group did not have any bank borrowings during the year ended 31 December 2016 and therefore did not incur any finance costs. Since 2017, the Group has started to finance the acquisition of properties and daily operation by bank borrowings. Besides, finance cost in relation to lease payment has been charged since 1 January 2019 following the adoption of IFRS 16 on 1 January 2019. As a result, the Group incurred finance costs of US\$35,621, US\$229,650 and US\$270,225 for the two years ended 31 December 2017 and 2018 and the six months ended 30 June 2019, respectively.

Income tax expense

Despite an approximately 131.5% increase in profit before income tax for the year ended 31 December 2017, the income tax expenses of the Group 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 due to the non tax-deductible nature of the professional service fees incurred in respect of the Listing preparation for the year ended 31 December 2016.

Income tax expense decreased by approximately 69.6% from US\$851,310 for the year ended 31 December 2017 to US\$258,685 for the year ended 31 December 2018 mainly due to the decrease in profit before income tax and decrease in United States corporate tax rate applicable to the Group.

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 due to the decrease in profit before income tax excluding the professional service fees in respect of the Transfer of Listing for the six months ended 30 June 2019 which were non tax-deductible.

Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to equity holders of the Company

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 mainly due to the increases in revenue and gross profit as well as the

absence of professional service fees in respect of the Listing for the year ended 31 December 2017, offset by the increase in selling and distribution expenses, and other general and administrative expenses as mentioned above.

Without taking into account the professional service fees in respect of Listing preparation, the profit and total comprehensive income for the year attributable to equity holders of the Company decreased from approximately US\$4.1 million for the year ended 31 December 2016 to approximately US\$3.5 million for the year ended 31 December 2017. Despite the increase in gross profit of approximately US\$3.7 million, the profit and total comprehensive income for the year attributable to equity holders of the Company (before taking into account the professional service fees in respect of Listing preparation) decreased by approximately US\$0.6 million during the year mainly due to the increase in selling and distribution expenses by approximately US\$2.3 million and the increase in general and administrative expenses by approximately US\$1.7 million. In particular, the increase in selling and distribution expenses was mainly due to (i) an increase in employee benefit expenses by approximately 736.2%, or approximately US\$1.5 million, 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 the increased headcount in sales team from 3 to 8 during the same period, which in turn was mainly attributable to the set up of sales office in Canada in 2017 and the increased sales efforts of the Group; and (ii) an increase in merchant account fees by approximately 89.6%, or approximately US\$0.6 million, from US\$685,704 for the year ended 31 December 2016 to approximately US\$1.3 million for the year ended 31 December 2017 resulting from the increase in the fund raising amount from the Kickstarter projects from approximately US\$5.9 million for the year ended 31 December 2016 to approximately US\$12.1 million for the year ended 31 December 2017. On the other hand, the increase in general and administrative expenses was mainly due to (i) the increase in games development expenses by approximately 591.6%, or US\$578,227, 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 new games including *A Song of Ice & Fire: Tabletop Miniatures Game*, *Rising Sun* and *Zombicide: Green Horde*; and (ii) the increase in other professional fees by approximately 675.7%, or US\$557,259, 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 two properties in Singapore, fees related to consultants engaged for development of the China market and other professional services, all of which were for the purpose of business expansion of the Group.

The profit and total comprehensive income for the year attributable to equity holders of the Company decreased by approximately 42.9% from approximately US\$3.5 million for the year ended 31 December 2017 to approximately US\$2.0 million for the year ended 31 December 2018, which was mainly due to the increase in selling and distribution expenses, and other general and administrative expenses as well as the recognition of the professional service fees in respect of the Transfer of Listing as mentioned above.

Without taking into account the professional service fees in respect of the Transfer of Listing, the profit and total comprehensive income for the year attributable to equity holders of the Company decreased by approximately 14.3% from approximately US\$3.5 million for the year ended 31 December 2017 to approximately US\$3.0 million for the year ended 31 December 2018. Similar to the previous year, despite the increase in gross profit of US\$417,518, the profit and total comprehensive income (excluding the professional service fees in respect of Transfer of Listing) for the year attributable to equity holders of the Company decreased by approximately US\$0.5 million during the year ended 31 December 2018 mainly due to the increase in selling and distribution expenses by approximately US\$1.1 million, which in turn was mainly due to (i) an increase in employee benefit expenses by approximately 35.3%, or approximately US\$0.6 million, from approximately US\$1.7 million for the year ended 31 December 2017 to approximately US\$2.3 million for the year ended 31 December 2018 mainly resulting from the increased headcount in the marketing team from 18 as at 31 December 2017 to 27 as at 31 December 2018 because of the increased marketing effort; and (ii) an increase in royalty expenses by approximately 342.8%, or US\$327,569, from US\$95,560 for the year ended 31 December 2017 to US\$423,129 for the year ended 31 December 2018 resulting from the recognition of sales of approximately US\$4.4 million of a licensed game namely *A Song of Ice & Fire: Tabletop Miniatures Game* in 2018; and (iii) an increase in marketing expenses by approximately 20.4%, or US\$141,033, from US\$691,670 for the year ended 31 December 2017 to US\$832,703 for the year ended 31 December 2018 resulting from the increased marketing activities.

The loss and total comprehensive loss for the period attributable to equity holders of the Company increased from US\$80,883 for the six months ended 30 June 2018 to approximately US\$1.1 million for the six months ended 30 June 2019, which was mainly attributable to the increase in selling and distribution expenses and other general and administrative expenses as well as the recognition of the professional service fees in respect of the Transfer of Listing as mentioned above.

Without taking into account the professional service fees in respect of the Transfer of Listing and the one-off loss on investments in insurance contracts of US\$272,711 included in other losses for the six months ended 30 June 2019, the Group would record the profit and total comprehensive profit for the period attributable to equity holders of the Company of US\$178,644 for the six months ended 30 June 2019 as compared to the profit and total comprehensive income for the period attributable to equity holders of the Company of US\$368,291 for the six months ended 30 June 2018. Despite the increase in gross profit of approximately US\$1.3 million, the profit and total comprehensive income (excluding the professional service fees in respect of Transfer of Listing and one-off loss on investments in insurance contracts) for the period attributable to equity holders of the Company for the six months ended 30 June 2019 decreased by US\$189,647 mainly due to the increase in selling and distribution expenses by US\$624,344, the increase in general and administrative expenses (other than professional service fees in respect of Transfer of Listing) by US\$525,594 and the increase in finance costs by US\$228,187. In particular, the increase in selling and distribution expenses was mainly due to (i) an increase in royalty expenses from US\$45,093 for the six months ended 30 June 2018 to US\$287,178 for the six months ended 30 June 2019 resulting from the recognition of sales of *A Song of Ice & Fire: Tabletop Miniatures Game* and *Cthulhu: Death May Die*; (ii) an increase in marketing and travelling expenses from US\$188,821 for the six months ended 30 June 2018 to US\$578,769 for the six months ended 30 June 2019 resulting from the increased marketing activities in Europe and Asia; and (iii) marketing expenses of US\$110,072 for the marketing of *Zombicide: Tactics & Shotguns*. On the other hand, the increase in general and administrative expenses (other than professional service fees in respect of Transfer of Listing) was mainly due to (i) share-based expenses of US\$200,949 incurred for the six months ended 30 June 2019, which were not charged for the six months ended 30 June 2018; and (ii) the increase in games development expenses from US\$473,841 for the six months ended 30 June 2018 to US\$604,104 for the six months ended 30 June 2019 resulting from more intensive game development work for new games including *Bloodborne: The Board Game*, *Trudvang Legends* and *Zombicide: 2nd Edition*.

Net current assets

The following sets out the current assets and liabilities of the Group as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019:

	As at			30 June 2019 US\$ (Unaudited)
	31 December 2016 US\$	31 December 2017 US\$	31 December 2018 US\$	
Current assets				
Inventories	3,660,247	4,423,442	3,567,678	5,045,393
Trade and other receivables	2,192,927	841,526	1,105,242	4,453,360
Prepayments and deposits	1,896,905	2,398,535	4,862,240	5,609,471
Income tax recoverable	32,000	—	—	—
Pledged deposit	—	200,000	200,000	200,000
Cash and cash equivalents	<u>6,612,768</u>	<u>2,850,318</u>	<u>2,849,799</u>	<u>1,549,397</u>
Total current assets	<u>14,394,847</u>	<u>10,713,821</u>	<u>12,584,959</u>	<u>16,857,621</u>
Current liabilities				
Trade payables	1,062,005	1,917,091	72,385	1,800
Accruals and other payables	1,173,549	1,774,894	1,088,823	997,921
Borrowings	—	134,774	3,864,897	5,661,782
Amount due to ultimate holding company	3	3	3	2
Income tax payable	2,043,195	2,372,464	2,174,295	2,067,285
Deferred revenue/contract liabilities	4,509,222	3,265,709	3,691,363	8,906,316
Lease liability	<u>—</u>	<u>—</u>	<u>—</u>	<u>428,065</u>
Total current liabilities	<u>8,787,974</u>	<u>9,464,935</u>	<u>10,891,766</u>	<u>18,063,171</u>
Net current assets/(liabilities)	<u>5,606,873</u>	<u>1,248,886</u>	<u>1,693,193</u>	<u>(1,205,550)</u>

As at 30 June 2019, the Group recorded net current liabilities of approximately US\$1.2 million, which was mainly due to the utilisation of cash and cash equivalents to pay for the non-current assets, including the investments in insurance contracts.

Inventories

Inventories increased from approximately US\$3.7 million as at 31 December 2016 to approximately US\$4.4 million as at 31 December 2017 and decreased to approximately US\$3.6 million as at 31 December 2018. Inventories as at each year end mainly represented inventories for new games launched in order to fulfil new orders from wholesalers and inventories for existing games in order to fulfil the restocking orders from the wholesalers. As at 31 December 2018, the Group's inventories mainly comprised the inventories of existing games in order to fulfill the restocking orders from the wholesalers. The relevant games primarily included *Zombicide*, *Rivet Wars*, *Wrath of Kings*, *Arcadia Quest*, *The Others: 7 Sins*, *Potion Explosion*, *Rum & Bones* and *The*

Grizzled, which together accounted for approximately US\$2.2 million worth of inventories as at 31 December 2018. The Group's inventories increased to approximately US\$5.0 million as at 30 June 2019, mainly due to (i) increased inventories for new Kickstarter games to be shipped in the second half of 2019 including the tabletop game of *Blood Rage Digital* and *Project ELITE*; and (ii) increased inventories for existing games in order to fulfil the orders from the wholesalers, which mainly included *A Song of Ice & Fire: Tabletop Miniatures Game* and *Zombicide: Invader*.

The average inventory turnover days (representing the average of the opening and closing balances of inventories for the relevant year, divided by cost of inventories and multiplied by 365 days) decreased from approximately 151 days for the year ended 31 December 2016 to approximately 141 days for the year ended 31 December 2017 mainly due to more stringent inventory control and monitoring during the year. The average inventory turnover days significantly increased to approximately 192 days for the year ended 31 December 2018 primarily due to (i) the accumulated inventories balance towards the end of 2017 and 2018 to fulfill the expected orders from wholesalers for the Group's games in the first quarter of the respective coming year; and (ii) the lower cost of inventories for the year ended 31 December 2018 resulting from the more favourable prices in terms of lower unit costs for certain bulk orders offered by Supplier A. During the six months ended 30 June 2019, the Group recorded an average inventory turnover days (representing the average of the opening and closing balances of inventories for the relevant period, divided by cost of inventories and multiplied by 181 days) of approximately 178 days for the six months ended 30 June 2019.

Despite that the business of the Group is not subject to material seasonality as a majority of the Group's revenue was generated from Kickstarter sales which are more affected by the shipping schedule than seasonality, it was the management's decision to accumulate more inventories towards the end of 2017 and 2018 after taking into account (i) the expected restocking needs by wholesalers for existing games resulting from the sales of inventories during the Thanksgiving and Christmas holidays in the fourth quarter; and (ii) the expected demand from wholesalers for new games launched or first shipped at the relevant time. Although the management had made reference to orders on hand and historical sales when deciding the level of accumulated stock, it was more an estimation and did not necessarily reflect the actual sales for the coming quarter. For the six months ended 30 June 2018 and 2019, approximately 26.4% and 71.2% of the inventories as at 31 December 2017 and 31 December 2018 was used up, respectively.

As at 31 October 2019, approximately US\$3.1 million (79.9%) and US\$0.5 million (10.0%) of the inventories as at 31 December 2018 and 30 June 2019 have been sold or used up, respectively. Save for the write-down of inventories of US\$200,000 for the year ended 31 December 2018, the Directors confirm that there have not been any material obsolete or slow-moving stocks during the Reporting Period.

Trade and other receivables

The Group's trade and other receivables mainly consist of trade receivables due from wholesalers.

Total trade receivables was approximately US\$2.2 million as at 31 December 2016 and decreased to US\$723,840 as at 31 December 2017 as the Group recorded a significant amount of sales from wholesalers during the last quarter of 2016. The total trade receivables increased to US\$995,242 as at 31 December 2018 due to increased sales to wholesalers towards the end of 2018. The increase in the total trade receivables to approximately US\$4.3 million as at 30 June 2019 was mainly due to the material amount of sales to wholesalers recognised near the end of the second quarter of the year.

The average trade receivable turnover days (representing the average of the opening and closing balances of trade receivables for the relevant year, divided by revenue from sales to wholesalers and multiplied by 365 days) of the Group was approximately 63 days for the year ended 31 December 2016 and remained relatively stable at approximately 64 days for the year ended 31 December 2017. The average trade receivable turnover days of the Group decreased to approximately 27 days for the year ended 31 December 2018 primarily due to the more stringent credit control measures implemented by the Group by requesting all new wholesalers to settle the bill before product delivery. The average trade receivable turnover days (representing the average of the opening and closing balances of trade receivables for the relevant period, divided by revenue from sales to wholesalers and multiplied by 181 days) of the Group was approximately 44 days for the six months ended 30 June 2019. The increase in turnover days was mainly due to material amount of sales to wholesalers recognised near the end of the second quarter of the year, resulting in large balance of trade receivables as mentioned above.

As at 31 October 2019, approximately US\$1.0 million (100.0%) and US\$3.3 million (76.1%) of the trade receivables as at 31 December 2018 and 30 June 2019 have been settled, respectively.

Prepayments and deposits

Prepayments and deposits are primarily related to prepayments paid to suppliers as well as prepayments for royalties and game development costs for new games. The increase in prepayments and deposits from approximately US\$1.9 million as at 31 December 2016 to approximately US\$2.4 million as at 31 December 2017 was mainly due to the increased prepayments to suppliers. Prepayments and deposits further increased to approximately US\$4.9 million as at 31 December 2018 as a result of the further increase in prepayments to suppliers as well as the increase in prepaid royalties for licensed games and game development costs for games under development. Prepayments and deposits as at 30 June 2019 was approximately US\$5.6 million, the increase of which was mainly due to the further increase in prepaid royalties for licensed games and game development costs for games under development.

As at 31 October 2019, approximately US\$4.8 million (98.4%) and US\$2.0 million (35.3%) of the prepayments as at 31 December 2018 and 30 June 2019 have been utilised, respectively.

Trade payables

The Group's trade payables primarily related to payables to suppliers. Trade payables increased from approximately US\$1.1 million as at 31 December 2016 to approximately US\$1.9 million as at 31 December 2017, which was in line with the increase in the business scale and operations. The trade payables balance decreased to US\$72,385 as at 31 December 2018 as (i) the Group used the trade facilities granted by the bank to settle the supplier bills; and (ii) part of the supplier bills were settled by the advance to suppliers. The trade payables balance further decreased to US\$1,800 as at 30 June 2019 as the supplier bills during the period were mostly offset by the advance paid.

The average trade payables turnover days (representing the average of the opening and closing balances of trade payables for the relevant year, divided by cost of inventories and multiplied by 365 days) of the Group were approximately 41 days, 52 days and 48 days for the three years ended 31 December 2018, respectively. The average trade payables turnover days increased from approximately 41 days for the year ended 31 December 2016 to approximately 50 days for the two years ended 31 December 2018 was mainly due to longer average credit terms provided by certain suppliers. The Group recorded a very minimal average trade payable turnover days (representing the average of the opening and closing balances of trade payables for the relevant period, divided by cost of inventories and multiplied by 181 days) of approximately 2 days for the six months ended 30 June 2019 as the supplier bills during the period were mostly offset by the advance paid and a minimal amount of trade payable balance was recorded as at 30 June 2019.

As at 31 October 2019, US\$72,385 (100.0%) and US\$1,800 (100.0%) of the trade payables as at 31 December 2018 and 30 June 2019 have been settled, respectively.

Accruals and other payables

Accruals and other payables was approximately US\$1.2 million as at 31 December 2016 and increased to approximately US\$1.8 million as at 31 December 2017, which was mainly due to the outstanding acquisition consideration payable (the "**IPs Consideration Payable**") of approximately US\$1.2 million in relation to the IPs of *Rising Sun* and *The World of SMOG*. The balance then decreased to approximately US\$1.1 million as at 31 December 2018, which was mainly due to the partial settlement of approximately US\$870,000 of the IPs Consideration Payable. Accruals and other payables remained relatively stable at approximately US\$1.0 million as at 30 June 2019.

Contract liabilities and deferred revenue

Contract liabilities mainly represent amount received from Kickstarter backers and late subscribers and wholesalers for which the products have not been shipped. The following table sets out details of the contract liabilities as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019:

	As at			
	31 December 2016 US\$	31 December 2017 US\$	31 December 2018 US\$	30 June 2019 US\$ (Unaudited)
Games				
<i>A Song of Ice & Fire: Tabletop Miniatures</i>				
<i>Game</i>	—	2,814,189	—	—
<i>Blood Rage Digital</i>	—	—	1,268,130	1,681,648
<i>Bloodborne: The Board Game</i>	—	—	—	4,825,347
<i>Cthulhu: Death May Die</i>	—	—	371,129	—
<i>HATE</i>	—	—	260,954	—
<i>Masmorra: Dungeons of Arcadia</i>	235	—	—	—
<i>Massive Darkness</i>	4,315,472	—	—	—
<i>Munchkin Dungeon</i>	—	—	—	1,110,410
<i>Project: ELITE</i>	—	—	988,519	1,002,986
<i>Rum & Bones: Second Tide</i>	10,450	—	—	—
<i>Starcadia Quest</i>	—	—	149,846	—
<i>The Others: 7 Sins</i>	19,757	—	—	—
<i>XenoShyft: Dreadmire</i>	13,706	—	—	—
<i>Zombicide: Black Plague</i>	149,602	—	—	—
<i>Zombicide: Invader</i>	—	—	366,858	—
	<u>4,509,222</u>	<u>2,814,189</u>	<u>3,405,436</u>	<u>8,620,391</u>
Subtotal				
Advance received from wholesalers	—	451,520	80,333	—
Others	—	—	205,594	285,925
	<u>—</u>	<u>—</u>	<u>205,594</u>	<u>285,925</u>
Total	<u><u>4,509,222</u></u>	<u><u>3,265,709</u></u>	<u><u>3,691,363</u></u>	<u><u>8,906,316</u></u>

Approximately US\$1.1 million of the contract liabilities as at 31 December 2018 had been realised as revenue during the six months ended 30 June 2019 while approximately US\$3.6 million of the contract liabilities as at 30 June 2019 had been realised as revenue during the four months ended 31 October 2019.

According to the estimated commencement of delivery date as disclosed in the paragraph headed “Business of the Group — Sales channels — Kickstarter” in this announcement and the best estimate by the management of the Group, except for contract liabilities in relation to *Blood Rage Digital* computer game it is expected that all of the Kickstarter related contract liabilities as at 30 June 2019 will be realised as revenue by 31 December 2019.

The following sets out the movement of deferred revenue during the Reporting Period:

	As at			
	31 December 2016 US\$	31 December 2017 US\$	31 December 2018 US\$	30 June 2019 US\$ (Unaudited)
Beginning of the year	4,464,508	4,509,222	3,265,709	3,691,363
Amounts received from customers through Kickstarter	11,620,728	18,775,050	15,749,566	4,478,972
Amount received from customers through other channels	—	451,520	80,333	2,674,282
Revenue recognised upon delivery of products	(11,220,892)	(19,929,816)	(15,149,363)	(1,938,301)
Refunds	(160,958)	(173,999)	—	—
Forfeiture revenue	(194,164)	(366,268)	(254,882)	—
At the end of the year/period	<u>4,509,222</u>	<u>3,265,709</u>	<u>3,691,363</u>	<u>8,906,316</u>

Non-current assets and liabilities

The following sets out the details of the Group's non-current assets and liabilities as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019:

	As at			
	31 December 2016 US\$	31 December 2017 US\$	31 December 2018 US\$	30 June 2019 US\$ (Unaudited)
Non-current assets				
Property, plant and equipment	3,787,396	11,032,337	12,346,061	12,540,553
Investments in insurance contracts	—	—	—	1,167,710
Intangible assets	7,576,596	11,472,024	13,128,860	12,974,008
Right-of-use asset	—	—	—	1,229,984
	<u>11,363,992</u>	<u>22,504,361</u>	<u>25,474,921</u>	<u>27,912,255</u>
Non-current liabilities				
Borrowings	—	3,271,182	4,408,357	4,081,580
Deferred income tax liabilities	265,722	281,297	265,458	257,539
Lease liability	—	—	—	822,300
	<u>265,722</u>	<u>3,552,479</u>	<u>4,673,815</u>	<u>5,161,419</u>

Property, plant and equipment

The Group's property, plant and equipment principally comprise office units, "art, painting and sculptures" as well as "displays, moulds and tools", which has estimated useful lives of 50 years, three to 10 years and three to five years, respectively.

The Directors determined the estimated useful lives of office units as 50 years with reference to the tenure and condition of the properties. The Directors applied judgements on the estimated useful lives after considering the expected usage and related wear and tear of the office units.

The Directors determined the estimated useful lives of “art, painting and sculpts” as 3 to 10 years and “displays, moulds and tools” as 3 to 5 years with reference to actual useful lives, including the wear and tear, of assets of similar attributes. The Directors applied judgements on the estimated useful lives after considering the historical and forecasted sales and profit margin of the game products produced by these assets, their product life cycles, industry trends as well as the estimated useful lives of the assets with similar attributes adopted by other companies in the same industry.

The Group’s property, plant and equipment increased from approximately US\$3.8 million as at 31 December 2016 to approximately US\$11.0 million as at 31 December 2017, approximately US\$12.3 million as at 31 December 2018 and approximately US\$12.5 million as at 30 June 2019 mainly due to the acquisition of two properties in Singapore in 2017 with aggregate net book value of approximately US\$4.4 million as at 30 June 2019 as well as the addition of art, painting and sculpts and displays, moulds and tools for new games during the years.

The depreciation charge of the Group amounted to US\$696,330, approximately US\$1.2 million and approximately US\$1.8 million for the three years ended 31 December 2018, respectively. Despite the significant increase in the balance of property, plant and equipment by approximately 189.5% from US\$3.8 million as at 31 December 2016 to approximately US\$11.0 million as at 31 December 2017, the depreciation charge only increased by approximately 72.3% during the relevant years, as the acquisition of the two properties with cost of approximately US\$2.1 million and US\$2.5 million took place in April 2017 and December 2017, respectively, and therefore not full year depreciation was charged for the year ended 31 December 2017. Besides, useful life of 50 years is applied on each of the two properties acquired which reduced the impact of the relevant depreciation charges. The depreciation charge of the Group amounted to US\$842,613 and US\$970,296 for the six months ended 30 June 2018 and 2019, respectively.

Intangible assets

The Group's intangible assets comprise IPs, product development costs and computer software.

The table below sets out the breakdown of the carrying values of the Group's IPs by games as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019.

	As at			
	31 December 2016 US\$	31 December 2017 US\$	31 December 2018 US\$	30 June 2019 US\$ (Unaudited)
<i>Zombicide</i> series	4,229,196	4,510,661	4,466,902	4,281,273
<i>The Others: 7 Sins</i>	895,000	805,500	716,000	671,250
<i>Rising Sun</i>	—	897,000	805,000	759,000
<i>Massive Darkness</i>	—	767,764	687,649	647,592
<i>The World of SMOG</i>	—	498,333	448,333	423,333
<i>Blood Rage</i>	547,914	485,886	423,858	392,844
<i>The Grizzled</i>	—	53,153	47,558	44,760
<i>Dark Age</i>	39,289	35,560	31,431	29,466
<i>Council of Four</i>	—	31,996	28,598	26,899
Others	83,018	72,600	61,405	56,957
Total	<u>5,794,417</u>	<u>8,158,453</u>	<u>7,716,734</u>	<u>7,333,374</u>

The IPs of *Blood Rage*, *Council of Four*, *Rising Sun*, *The Grizzled*, *The Others: 7 Sins*, *Massive Darkness* and *The World of SMOG* were recognised during the Reporting Period at historical costs.

IPs and licences have finite useful lives and are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of IPs and licences over the estimated useful lives, which are determined after considering the (i) industry trends of similar game products produced under these IPs; (ii) the business plans on how to utilise the IPs (including the product life cycles, the feasibility to develop further series of products under the IPs and the possibility to launch products using different entertainment platforms); (iii) the historical and forecasted sales and profit margins of the game products produced under the IPs; and (iv) the estimated useful lives of the IPs adopted by other companies in the same industry and with similar attributes. A very substantial portion of the carrying amounts of the Group's IPs is attributable to *Zombicide* series. The Directors considered the estimated useful life of the IP of *Zombicide* to be 20 years as the launching of various seasons of *Zombicide* had received overwhelming response from the market which demonstrated an increasing trend of the popularity of *Zombicide*. The Directors expected that the IP would enable the Group to continue to introduce future seasons of games under this theme. The Group has invested significantly on arts, painting, sculpts, displays, moulds and tools on *Zombicide*. The subsequent sales of *Zombicide* products

under different seasons amounted to approximately US\$4.5 million, US\$10.4 million and US\$8.9 million and US\$3.4 million for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively, which have proven the continual success of this IP. The Group will continue to invest in this IP and believes that such continual investments will further enhance the popularity of this IP and thus its useful life. For the subsequent addition to the IP of *Zombicide* due to the launch of sequel products, a more conservative approach has been adopted by the Group by estimating a shorter useful life of 10 years after taking into account that *Zombicide* was first launched in 2012 and it may not be prudent enough to assume the expiry of the useful life of its sequel products to be later than the original IPs that the sequel products are based on.

When estimating the useful lives of the IP of *Zombicide*, the Directors also made reference to the life cycles of other games in the market with similar attributes as follows:

Game	Launch date	Number of years since the launch date up to 2013
<i>Magic the Gathering</i>	1993	20
<i>Settlers of Catan</i>	1995	18

During the Reporting Period, sales of the above two games have been popular in the market. The useful life of each of *Blood Rage*, *Council of Four*, *Massive Darkness*, *Rising Sun*, *The Grizzled*, *The Others: 7 Sins* and *The World of SMOG* was estimated by the Directors as 10 years. Although the theme and genres of the above-mentioned IPs are similar to *Zombicide*, these games are less popular as reflected in the number of Kickstarter backers and sales volume in the past. Compared with *Zombicide* series which generated revenue of approximately US\$27.2 million during the Reporting Period, the above-mentioned IPs generated less revenue. For instance, *Blood Rage*, *Massive Darkness*, *Rising Sun*, and *The Others: 7 Sins* generated approximately US\$3.1 million, US\$5.7 million, US\$7.9 million, US\$3.8 million of revenue during the Reporting Period. After taking into account these factors but with an expectation that possible future sequels under those themes would extend the popularity of the whole series, a shorter useful life of 10 years is estimated.

The Group's intangible assets was approximately US\$7.6 million as at 31 December 2016 and increased to approximately US\$11.5 million as at 31 December 2017, mainly due to the recognition of the IPs of *Council of Four*, *Rising Sun*, *The Grizzled*, *Massive Darkness*, *The World of SMOG* and *Zombicide* series during the year ended 31 December 2017 as well as the capitalisation of expenditures incurred for *Zombicide: Green Horde*. The balance further increased to approximately US\$13.1 million as at 31 December 2018 mainly due to (i) the purchase of software in relation to the expected implementation of the enterprise resources planning (ERP) system in the near future; (ii) the capitalisation of expenditures incurred for games including *Cthulhu: Death May Die* and *Zombicide: Invader*; and (iii) the recognition of the IPs of *Zombicide* series. The balance decreased to

approximately US\$13.0 million as at 30 June 2019 mainly due to the combined effect of the amortization charged and the capitalization of expenditures incurred for games during the six months ended 30 June 2019.

The amortisation charge of the Group amounted to US\$566,860, US\$924,702 and approximately US\$1.6 million for the three years ended 31 December 2018, respectively, the increase of which was generally in line with the addition to the intangible assets during the relevant years. The amortization charge of the Group amounted to US\$839,010 and US\$994,283 for the six months ended 30 June 2018 and 2019, respectively.

Deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. After appropriate offsetting, the Group recorded deferred income tax liabilities of US\$265,722, US\$281,297, US\$265,458 and US\$257,539 as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019, respectively.

Right-of-use assets and lease liabilities

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 lease 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.

As a result of the adoption of IFRS 16 on 1 January 2019, the Group recorded right-of-use assets of approximately US\$1.2 million, current portion of lease liabilities of US\$428,065 and non-current portion of lease liabilities of US\$822,300 as at 30 June 2019. Save as the above, the adoption of IFRS 16 has no significant impact on the financial position and performance of the Group.

Liquidity and financial resources

The Group did not have any bank borrowings during the year ended 31 December 2016 and financed the operations primarily through cash generated from internally generated funds, pre-Listing investment funds as well as the net proceeds received from the Placing. During the two years ended 31 December 2018, the Group financed the operations primarily through cash generated from internally generated funds, the net proceeds received from the Placing and bank borrowings.

As at 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019, the Group had cash and cash equivalents of approximately US\$6.6 million, US\$2.9 million, US\$2.8 million and US\$1.5 million, respectively, which were cash at banks and on hand, denominated in United States dollars, Canadian dollars, Singapore dollars, Hong Kong dollars and Euro.

The decrease in cash and cash equivalent from approximately US\$2.8 million as at 31 December 2018 to approximately US\$1.5 million as at 30 June 2019 was mainly due to the payment for addition of intangible assets and property, plants and equipment and the investments in insurance contracts.

As at 31 December 2016, there were no short-term and long-term bank borrowings of the Group. As at 31 December 2017, 31 December 2018 and 30 June 2019, the balance of short-term bank borrowings increased to US\$134,774, approximately US\$3.9 million and approximately US\$5.7 million, respectively, while the balance of long-term bank borrowings increased to approximately US\$3.3 million, approximately US\$4.4 million and approximately US\$4.1 million, respectively. The increase in bank borrowings as at 31 December 2017 was due to the application of the proceeds of the bank borrowings by the Group to finance the acquisition of two properties in Singapore during the year ended 31 December 2017. The further increase in bank borrowings as at 31 December 2018 and 30 June 2019 was mainly due to the application of short term facilities to finance the advance to suppliers, trade payables due to suppliers and operating expenses. In particular, advance to suppliers increased from approximately US\$1.2 million as at 31 December 2017 to approximately US\$3.7 million as at 31 December 2018 and approximately US\$3.5 million as at 30 June 2019. For details of the increase in advance to suppliers, please refer to the paragraph headed “Business of the Group — Production” in this announcement. The bank borrowings as at 31 December 2017, 31 December 2018 and 30 June 2019 were secured by the properties acquired, a corporate guarantee from the Company and a charge over all fixed deposits placed with the relevant bank. The bank borrowings as at 30 June 2019 were further secured by the investments in insurance contracts. As at 30 June 2019, the Group’s total bank borrowings of approximately US\$9.7 million consisted of (i) approximately US\$3.4 million which 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 which were denominated in United States dollars, with a tenor of 120 days to 4 years and interests charged at floating rates. As at 31 December 2017, 31 December 2018 and 30 June 2019, the Group’s borrowings were repayable as follows:

	31 December	As at 31 December	30 June
	2017	2018	2019
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
			(Unaudited)
Within 1 year	134,774	3,864,897	5,661,782
Between 1 and 2 years	116,312	579,200	650,015
Between 2 and 5 years	252,191	1,017,223	924,716
Over 5 years	<u>2,902,679</u>	<u>2,811,934</u>	<u>2,506,849</u>
Total	<u><u>3,405,956</u></u>	<u><u>8,273,254</u></u>	<u><u>9,743,362</u></u>

The Group intends to continue to use external bank borrowings and internally generated funds to fund the working capital, game development activities, acquisition of IPs as well as the expansion plans as stated in the Prospectus.

Summary of consolidated statements of cashflows

The following table sets forth the consolidated statements of cashflows for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019.

	For the year ended		Six months ended		
	31 December		30 June		
	2016	2017	2018	2018	2019
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
				(Unaudited)	(Unaudited)
Net cash generated from operating activities before changes in working capital	3,140,968	6,628,333	6,284,637	1,755,634	1,957,494
Net cash generated from operating activities	1,826,365	5,064,083	2,288,927	686,534	1,157,483
Net cash used in investing activities	(4,825,899)	(11,995,874)	(6,905,769)	(3,265,630)	(3,444,140)
Net cash generated from financing activities	<u>6,983,335</u>	<u>3,170,335</u>	<u>4,637,648</u>	<u>1,468,481</u>	<u>988,604</u>

Net cash generated from operating activities before changes in working capital

The Group's net cash generated from operating activities before changes in working capital increased from approximately US\$3.1 million for the year ended 31 December 2016 to approximately US\$6.6 million for the year ended 31 December 2017 mainly due to the increase in profit before income tax from approximately US\$1.9 million for the year ended 31 December 2016 to approximately US\$4.3 million for the year ended 31 December 2017.

The Group's net cash generated from operating activities before changes in working capital decreased from approximately US\$6.6 million for the year ended 31 December 2017 to approximately US\$6.3 million for the year ended 31 December 2018, which was mainly due to the decrease in profit before income tax during the year.

The Group's net cash generated from operating activities before changes in working capital remained fairly stable at approximately US\$1.8 million and US\$2.0 million for the six months ended 30 June 2018 and 2019, respectively.

Net cash generated from operating activities

For the year ended 31 December 2016, the Group recorded net cash inflow from operating activities of approximately US\$1.8 million, which mainly comprised profit before income tax of approximately US\$1.9 million, adjusted by add-back of non-cash items relating to depreciation as to US\$696,330 and amortisation as to US\$566,860 and adjusted by changes in working capital attributable to the combined effect of an increase in trade payables of US\$516,946, an increase in accruals and other payables of US\$584,028 and a decrease in amount due from a related company of US\$266,459, offset by an increase in trade and other receivables by approximately US\$1.4 million, an increase in inventories of approximately US\$1.4 million and income tax paid of US\$100,010.

For the year ended 31 December 2017, the Group recorded net cash inflow from operating activities of approximately US\$5.1 million, which mainly comprised profit before income tax of approximately US\$4.3 million, adjusted by add-back of non-cash items relating to depreciation as to approximately US\$1.2 million, amortisation as to US\$924,702, provision for doubtful debt of US\$34,597, bad debt written off of US\$31,949, inventory written off of US\$102,732 and interest expenses of US\$35,621 and adjusted by changes in working capital attributable to the combined effect of an increase in trade payables of US\$855,086, a decrease in trade and other receivables of approximately US\$1.3 million, offset by an increase in inventories by US\$865,927, increase in prepayments and deposits of US\$501,630, a decrease in accruals and other payables of US\$618,655 and decrease in deferred revenue of approximately US\$1.2 million and income tax paid of US\$474,466.

For the year ended 31 December 2018, the Group recorded net cash inflow from operating activities of approximately US\$2.3 million, which mainly comprised profit before income tax of approximately US\$2.3 million adjusted by add-back of non-cash items relating to depreciation as to approximately US\$1.8 million, amortisation as to approximately US\$1.6 million, write-down of inventories of US\$200,000 and interest expenses of US\$229,650 and adjusted by changes in working capital attributable to the combined effect of an increase in contract liabilities of approximately US\$425,654 and decrease in inventories of US\$655,764 and, offset by the increase in trade and other receivables by US\$289,048, the increase in prepayments and deposits of approximately US\$2.4 million and the decrease in trade payables by approximately US\$1.8 million and income tax paid in the amount of US\$472,693.

For the six months ended 30 June 2019, the Group recorded net cash inflow from operating activities of approximately US\$1.2 million, which mainly comprised loss before income tax of approximately US\$1.1 million adjusted by add-back of non-cash items relating to depreciation as to approximately US\$1.2 million, amortization as to approximately US\$1.0 million, interest expenses of US\$270,225, loss on investments in insurance contracts of US\$272,211 and share-based expenses of US\$200,949 and adjusted by changes in working capital attributable to the combined effect of an increase in contract liabilities of approximately US\$5.2 million and, offset by the increase in trade and other receivables of approximately US\$3.3 million, the increase in inventories of approximately US\$1.5 million and the increase in prepayments and deposits of US\$747,231 and income tax paid in the amount of US\$180,491.

Net cash used in investing activities

The Group's net cash used in investing activities increased from approximately US\$4.8 million for the year ended 31 December 2016 to approximately US\$12.0 million for the year ended 31 December 2017 mainly due to the acquisition of the two properties in Singapore with total consideration of approximately US\$4.6 million, addition of art, painting and sculpts and displays, moulds and tools for new games with total amount of approximately US\$2.8 million and the acquisition or payment of outstanding consideration of various IPs with total consideration of approximately US\$3.6 million.

The Group's net cash used in investing activities decreased from approximately US\$12.0 million for the year ended 31 December 2017 to approximately US\$6.9 million for the year ended 31 December 2018 mainly due to the decrease in purchase of property, plant and equipment by approximately US\$5.3 million during the year.

The Group's net cash used in investing activities remained fairly stable at approximately US\$3.3 million and US\$3.4 million for the six months ended 30 June 2018 and 2019, respectively.

Net cash generated from financing activities

The Group's net cash generated from financing activities decreased from approximately US\$7.0 million for the year ended 31 December 2016 to approximately US\$3.2 million for the year ended 31 December 2017. The higher net cash generated from financing activities for the year ended 31 December 2016 was mainly due to the receipt of the proceeds from the Placing during the year.

The Group's net cash generated from financing activities increased from approximately US\$3.2 million for the year ended 31 December 2017 to approximately US\$4.6 million for the year ended 31 December 2018, which was mainly due to the drawdown of bank borrowings to finance the operation in 2018.

The Group's net cash generated from financing activities remained fairly stable at approximately US\$1.5 million and US\$1.0 million for the six months ended 30 June 2018 and 2019, respectively.

Working capital

The Directors are of the opinion that, and the Joint Sponsors concur, after taking into account the financial resources presently available to the Group, including internally generated funds, the remaining proceeds from the Placing and the available banking facilities, the Group has sufficient working capital for its present working capital requirements for at least the next 12 months from the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS SINCE LISTING

Save as (i) the acquisitions of the properties as the Group's headquarters and global head office as well as its retail shop, show room and play test centre in 2017 with total consideration of approximately S\$5.9 million (representing approximately 7.6% of the total assets of the Group as at 30 June 2019), details of which were disclosed in the Company's announcements dated 3 April 2017 and 6 October 2017; and (ii) the acquisition of IPs with total cost of US\$4.7 million (representing approximately 10.5% of the total assets of the Group as at 30 June 2019) as disclosed in this announcement, both of which are considered to be material by the Directors taking into account the transaction amount and/or importance to the Group's business, the Group had no material acquisition or disposal since the Listing and up to the date of this announcement.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENT

To the best of the knowledge, information and belief of the Directors after taking into consideration of the Ipsos Report, the Directors are of the view that the tabletop game industry in the USA and the EU has remained relatively stable since 31 December 2018. The Board intends to continue to grow the Group's game portfolio, launch the Group's games on Kickstarter and rely on both Kickstarter and wholesalers to sell games. Since 1 January 2019 and up to the date of this announcement, the Group has launched four Kickstarter games, namely *Bloodborne: The Board Game*, *Munchkin Dungeon*, *Trudvang Legends* and *Zombicide: 2nd Edition*, with total fund raising size of approximately US\$9.6 million.

As at 30 June 2019, the Group had contract liabilities of approximately US\$8.9 million, of which approximately US\$3.6 million has been realized as revenue during the four months ended 31 October 2019 primarily due to the shipment of the Kickstarter projects of *Blood Rage Digital* tabletop game, *Munchkin Dungeon* and *Project: ELITE*, during the period. Since 1 July 2019 to the date of this announcement, the Group launched *Trudvang Legends* and *Zombicide: 2nd Edition* on Kickstarter with fund raising size of approximately US\$1.5 million and US\$3.4 million, respectively. According to the Kickstarter website, it is expected that the shipment of both games will take place in the second half of 2020. Besides, in September 2019, the Group launched a campaign called *CMON Time Machine* to market certain of its existing games, the shipment of which is

expected to take place before end of 2019 according to the Kickstarter website. As at the date of this announcement, in addition to *Trudvang Legends* and *Zombicide: 2nd Edition* as mentioned above, the Group had two more outstanding Kickstarter games pending for shipment, namely *Blood Rage Digital* computer game and *Bloodborne: The Board Game*. According to the Kickstarter website, it is expected that the shipment of both games will take place before the first half of 2020. Once the shipment takes place, the relevant contract liabilities of the five Kickstarter projects (including *Blood Rage Digital* computer game, *Bloodborne: The Board Game*, *CMON Time Machine*, *Trudvang Legends* and *Zombicide: 2nd Edition*) amounted to approximately US\$11.6 million as at 31 October 2019 will be realised as revenue of the Group.

The Group has also successfully launched *Zombicide: Tactics & Shotguns* in April 2019. *Zombicide: Tactics & Shotguns* is a mobile game developed based on the Group's popular title *Zombicide*. It is expected that the launch of *Zombicide: Tactics & Shotguns* will help to boost the sales of the *Zombicide* series and at the same time increase the players' loyalty to this popular series. For details of the games launched by the Group during the period from 1 January 2016 to the date of this announcement, please refer to the paragraph headed "Business of the Group — Games" in this announcement.

For the year ended 31 December 2018 and the six months ended 30 June 2019, the Group incurred professional fees in relation to the Transfer of Listing of US\$949,756 and approximately US\$1.1 million, respectively. It is expected that additional approximately US\$0.8 million of professional fees will be charged for the six months ending 31 December 2019. The professional fees in relation to the Transfer of Listing is expected to affect the financial performance of the Group for the year ending 31 December 2019. Save as disclosed in the interim results announcement for the six months ended 30 June 2019 and in this announcement, the Directors confirm that subsequent to 31 December 2018, being the date to which the latest published and audited consolidated financial information of the Group were made up, and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group.

MANAGEMENT OF THE COMPANY SINCE LISTING

There has been no change in the members of the Board and the Board committees of the Company since Listing and up to the date of this announcement.

In June 2018, Mr. Jules Vautour resigned as the chief operating officer and sales director of the Group and Ms. Roumpini Nikolopaoulou resigned as the marketing director of the Group in order to pursue their personal commitments. Their jobs and duties have been taken up by other senior management and staff who have relevant experiences. Each of Mr. Jules Vautour and Ms. Roumpini Nikolopaoulou has confirmed that he/she has no disagreement with the Board and there is no matter relating to his/her resignation that needs to be brought to the attention of the Shareholders and/or the Stock Exchange. Mr. David Preti, our former creative director, was appointed in December 2018 as the chief operating officer to fill the vacancy after the resignation of Mr. Jules Vautour. Save as the above, since Listing and up to the date of this announcement, there has been no change in the senior management of the Company.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Set out below is the biological information of each Director and senior management member of the Company:

Executive Directors

Mr. Ng Chern Ann (黃成安), aged 45, has been appointed as an executive Director, chairman and chief executive officer of the Company since 2 December 2016. Mr. Ng is primarily responsible for developing ideas for new games, corporate strategic planning and overall business development of the Group. Mr. Ng also oversees sales, marketing and logistic for the Group's global operations.

Prior to founding the Group in September 2009, Mr. Ng co-founded Razer (Asia Pacific) Pte. Ltd. ("**Razer**"), a company engaged in the business of designing and manufacturing gaming peripherals, including mice, keyboards and laptops, in December 2003. From April 2005 to August 2006, Mr. Ng was the chief executive officer of Razer, where he was responsible for commencing its business operations. From September 2006 to May 2008, Mr. Ng was the chief technology officer of Razer, where he was responsible for sourcing for new technology, managing technical abilities, conceptualising new products and creating various inventions which were patented. Mr. Ng left Razer in May 2008 and since then, Mr. Ng has mainly devoted his time and resources in setting up, developing and overseeing the business of the Group.

Mr. Ng graduated from the University of Birmingham, UK with a Bachelor of Laws degree in July 2001, and was admitted to be an advocate and solicitor of the Supreme Court in Singapore in May 2003.

Mr. Ng was a director of the following companies which were incorporated in Singapore and were struck off voluntarily, and the owner of the following sole proprietorship registered in Singapore which was terminated. It is confirmed by Mr. Ng that the following companies and sole-proprietorship were struck off or terminated for the reasons below which were not due to his wrongful act and these companies and sole-proprietorship were solvent immediately prior to their struck-off or termination. The relevant details are as follows:

Name of company/business	Relevant date	Nature of business	Reasons
Visual Link Services Pte Ltd	6 June 2009 (struck off)	Management consultant for computing and related services	Ceased to carry on business and struck off voluntarily
5 Houses Pte. Ltd.	6 September 2013 (struck off)	Art and graphic design services	Ceased to carry on business and struck off voluntarily
Visual Link Services	6 April 1998 (sole proprietorship terminated)	Software development and programming activities	Ceased to carry on business and struck off voluntarily

Mr. Ng entered into a service agreement with the Company for an initial term of three years commencing from 2 December 2016 until terminated by either party by giving not less than three months' notice in writing to the other, and subject to the relevant provisions of retirement and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Ng is currently entitled to a monthly director's fee of US\$16,667 and is also entitled to a discretionary bonus to be determined by the Board. The remuneration of Mr. Ng was determined on the basis of his performance, responsibilities and commitment and the basis of salaries paid by comparable companies and tenure.

As at the date of this announcement, pursuant to the Acting-in-Concert Arrangement, Mr. Ng has an interest in 901,248,078 Shares and underlying Shares (within the meaning of Part XV of the SFO), representing approximately 49.90% of the issued share capital of the Company.

Saved as disclosed above, as at the date of this announcement, (i) Mr. Ng does not hold any other position in the Group; (ii) Mr. Ng did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years; (iii) save as the acting-in-concert relationship with Mr. Doust under the Acting-in-Concert Arrangement, Mr. Ng has no relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (iv) Mr. Ng does not have any other interest or short position in the Shares, underlying Shares or debentures within the meaning of Part XV of the SFO; and (v) there is no other information relating to Mr. Ng that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. David Doust (建邦), aged 55, has been appointed as an executive Director since December 2016. Mr. Doust is also the head of Asia of the Group. Mr. Doust oversees sales, marketing and logistics for the Group's Asia operations. Mr. Doust is a serial entrepreneur as he was a director of Fishworld Aquariums, Inc. from 1988 to 1992; a director of Doust Corporation from 1988 to 1994; and a director of Atlantis Pets, Inc. from 1991 to 1993. Mr. Doust also has over 10 years of experience in the gaming industry. He registered and operated the website www.coolminiornot.com in 2001. He also founded and served as an officer of Dark Age Games, Inc. in 2002 and published a miniature war game, *Dark Age*, in the same year. In 2009, he became a shareholder of CoolMiniOrNot Inc. and worked as a distributor and publisher of tabletop games.

Mr. Doust graduated from the University of Miami, USA, with a Bachelor in Business Administration degree in May 1987.

Mr. Doust filed a voluntary bankruptcy petition under chapter 7 of the US Bankruptcy Code in the United States Bankruptcy Court — Southern District of Florida in May 1996. The relevant debts were discharged in September 1996 and the case was closed.

Mr. Doust was a director of the following corporations incorporated in the USA which had been administratively dissolved. It is confirmed by Mr. Doust that the following corporations were administratively dissolved for the reasons below which were not due to his wrongful act and these corporations were solvent immediately prior to their dissolution. The relevant details are as follows:

Name of company/ business	Relevant date	Nature of business	Reasons
Dark Age Games, Inc.	4 September 2010	Sales, research and development of games	Administratively dissolved for failure to file annual registration
War Zone, Inc	9 November 2002	Marketing games from retail stores	Administratively dissolved as it ceased to do business
Doust Corporation	26 August 1994	No business commenced	Administratively dissolved as annual report was not filed
Atlantis Pets, Inc	13 August 1993	No business commenced	Administratively dissolved as annual report was not filed
Fishworld Aquariums, Inc	9 October 1992	Aquarium and aquatic pets	Administratively dissolved as annual report was not filed

Mr. Doust entered into a service agreement with the Company for an initial term of three years commencing from 2 December 2016 until terminated by either party by giving not less than three months' notice in writing to the other, and subject to the relevant provisions of retirement and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Doust is currently entitled to a monthly director's fee of US\$16,667 and is also entitled to a discretionary bonus to be determined by the Board. The remuneration of Mr. Doust was determined on the basis of his performance, responsibilities and commitment and the basis of salaries paid by comparable companies and tenure.

As at the date of this announcement, pursuant to the Acting-in-Concert Arrangement, Mr. Doust has an interest in 901,248,078 Shares and underlying Shares (within the meaning of Part XV of the SFO), representing approximately 49.90% of the issued share capital of the Company.

Saved as disclosed above, as at the date of this announcement, (i) Mr. Doust does not hold any other position in the Group; (ii) Mr. Doust did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years; (iii) save as the acting-in-concert relationship with Mr. Ng under the Acting-in-Concert Arrangement, Mr. Doust has no relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (iv) Mr. Doust does not have any other interest or short position in the Shares, underlying Shares or debentures within the meaning of Part XV of the SFO; and (v) there is no other information relating to Mr. Doust that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Koh Zheng Kai (許政開), aged 40, has been appointed as an executive Director, financial controller and one of the joint company secretaries of the Company since 2 December 2016. Mr. Koh has over 10 years of experience in accounting and finance. Mr. Koh joined the Group in October 2014 and is primarily responsible for the accounting and tax management of the Group. Prior to joining the Group, Mr. Koh has held various positions in areas relating to accounting, finance and company secretarial work. He worked as an audit graduate assistant and associate at KPMG in Singapore from 2004 to 2005, and as an assurance staff at Ernst & Young in Houston, USA from 2005 to 2006. Thereafter, he joined KPMG LLP in New York, USA as an audit associate from 2006 to 2008. From 2008 to 2010 he worked as a financial analyst at Investment Technology Group Inc., an independent execution broker and research provider. From 2011 to 2014, Mr. Koh worked in Opes Services Pte. Ltd., a company based in Singapore founded by Mr. Koh, which provides tax, accounting and secretarial services.

In June 2004, Mr. Koh completed all the required examinations of the Association of Chartered Certified Accountants. He has been admitted as a member of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) since September 2011. Mr. Koh graduated with a Bachelor degree in Science in Applied Accounting from Oxford Brookes University in association with the Association of Chartered Certified Accountants in January 2007 through distance learning.

Mr. Koh was a director of the following companies which were incorporated in Singapore and Hong Kong and were struck off voluntarily, and a partner of the following partnership registered in Singapore which was cancelled. It is confirmed by Mr. Koh that the following companies and partnership were struck off or cancelled for the reasons below which were not due to his wrongful act and these companies and partnership were solvent immediately prior to their struck-off or cancellation. The relevant details are as follows:

Name of company/ business	Relevant date	Nature of business	Reasons
Geofield Energy's Pte. Ltd.	10 July 2014 (struck off)	Petroleum, mining and prospecting services	Ceased to carry on business and struck off voluntarily
TKL Ventures	3 May 2012 (partnership cancelled)	Mail order and internet retail sales	Ceased to carry on business and cancelled voluntarily
Profitland Pte. Ltd.	13 October 2015 (struck off)	Investment holding and wholesale trade	Ceased to carry on business and struck off voluntarily
Zenith Global Technologies Pte. Ltd.	4 July 2017 (struck off)	Investment holding and general wholesale trade	Ceased to carry on business and struck off voluntarily
Richester Pte. Ltd.	4 December 2017 (struck off)	Investment holding	Ceased to carry on business and struck off voluntarily
Vas Technologies Pte. Ltd.	5 April 2018 (struck off)	Other information technology and computer service activities and general wholesale trade	Ceased to carry on business and struck off voluntarily
Giant Profit International Limited	5 July 2019 (struck off)	Investment holding	Ceased to carry on business and struck off voluntarily

Mr. Koh entered into a service agreement with the Company for an initial term of three years commencing from 2 December 2016 until terminated by either party by giving not less than three months' notice in writing to the other, and subject to the relevant provisions of retirement and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Koh is currently entitled to a monthly director's fee of S\$16,000 and is also entitled to a discretionary bonus to be determined by the Board. The remuneration of Mr. Koh was determined on the basis of his performance, responsibilities and commitment and the basis of salaries paid by comparable companies and tenure.

As at the date of this announcement, Mr. Koh has an interest in 5,800,000 underlying Shares (within the meaning of Part XV of the SFO), representing approximately 0.32% of the issued share capital of the Company.

Saved as disclosed above, as at the date of this announcement, (i) Mr. Koh does not hold any other position in the Group; (ii) Mr. Koh did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years; (iii) Mr. Koh has no relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (iv) Mr. Koh does not have any other interest or short position in the Shares, underlying Shares or debentures within the meaning of Part XV of the SFO; and (v) there is no other information relating to Mr. Koh that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Non-executive Director

Mr. Frederick Chua Oon Kian (formerly known as “Chua Oon Kian”) (蔡穩健), aged 54, has been appointed as a non-executive Director since 2 December 2016. Mr. Chua is the director and chief executive officer of Quantum Asset Management Pte. Ltd., a company providing fund management services to high net worth individuals and institutional investors since March 2004. He has also participated in various pre-IPO investments in companies that were successfully listed on both the Stock Exchange and the Singapore Exchange Securities Trading Limited.

Mr. Chua graduated from Indiana University, USA, with a Bachelor of Arts degree in December 1990.

Mr. Chua was a director of the following companies which were incorporated in Singapore and were struck off voluntarily. It is confirmed by Mr. Chua that the following companies were struck off for the reasons below which were not due to his wrongful act and these companies were solvent immediately prior to their struck-off. The relevant details are as follows:

Name of company/ business	Relevant date	Nature of business	Reasons
China Chemical Holdings Pte. Ltd.	6 December 2006 (struck off)	Investment holding company	Ceased to carry on business and struck off voluntarily
Quantum GIP Fund Pte. Ltd.	6 September 2013 (struck off)	Investment holding company	Ceased to carry on business and struck off voluntarily

Mr. Chua entered into a letter of appointment with the Company for an initial term of three years commencing from 2 December 2016 until terminated by either party by giving not less than three months' notice in writing to the other, and subject to the relevant

provisions of retirement and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Chua is currently entitled to a monthly director's fee of US\$3,000, which was determined on the basis of his performance, responsibilities and commitment and the basis of salaries paid by comparable companies and tenure.

As at the date of this announcement, Mr. Chua has an interest in 328,249,232 Shares and underlying Shares (within the meaning of Part XV of the SFO), representing approximately 18.18% of the issued share capital of the Company.

Saved as disclosed above, as at the date of this announcement, (i) Mr. Chua does not hold any other position in the Group; (ii) Mr. Chua did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years; (iii) Mr. Chua has no relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (iv) Mr. Chua does not have any other interest or short position in the Shares, underlying Shares or debentures within the meaning of Part XV of the SFO; and (v) there is no other information relating to Mr. Chua that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Independent non-executive Directors

Mr. Chong Pheng (鍾平), aged 53, has been appointed as an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company since 2 December 2016. He has been an independent director of CDW Holding Limited (SP: BXE), a company listed on the Singapore Exchange Limited, since May 2011. He has been a director of Zhong Xing Venture (Pte) Ltd. since 2007, the owner and a director of Blue Forest Echo Pte. Ltd. since 2009 and a director of Share Taxi Pte. Ltd. since 2015. From 2011 to 2014, he was director of sales and vice president of Microlight Sensors Pte Ltd. He was also a director of Eurock Limited from 2007 to 2011.

Mr. Chong completed the regular course and obtained his academic accomplishment which is equivalent to the degree of Bachelor of Engineering (Electrical Engineering), at the National Defense Academy, Japan in March 1989; and obtained the Degree of Master of Science from Cranfield University, the UK in July 1995. He completed the Command and General Staff Course from the Japan Ground Self Defense Force Staff College in July 1999. He also obtained a graduate diploma in Organisational Learning at Civil Service College, Singapore in May 2003.

Mr. Chong was a director of the following companies which were incorporated in Singapore and were struck off voluntarily, and the owner of the following sole proprietorship registered in Singapore which was terminated. It is confirmed by Mr. Chong that the following companies and sole-proprietorship were struck off or terminated for the reasons below which were not due to his wrongful act and these companies and sole-proprietorship were solvent immediately prior to their struck-off or termination. The relevant details are as follows:

Name of company/ business	Relevant date	Nature of business	Reasons
Sinkpia International Pte. Ltd.	4 November 2019 (struck off)	Manufacture and repair of other special purpose machinery	Ceased to carry on business and struck off voluntarily
Eu-Pure Pte. Ltd.	19 February 2016 (struck off)	Sale of household and office appliances and equipment	Ceased to carry on business and struck off voluntarily
Eurock Resources Pte. Ltd.	9 October 2013 (struck off)	Shipping and commodities trading	Ceased to carry on business and struck off voluntarily
HDJ Pte. Ltd.	12 May 2014 (struck off)	Trading of foodstuff	Ceased to carry on business and struck off voluntarily
Boko Pte. Ltd.	10 December 2015 (struck off)	Wholesale trade and business support services	Ceased to carry on business and struck off voluntarily
Blue Forest Echo (Sole proprietorship)	7 May 2009 (terminated)	Eco-adventure activities	Business was incorporated as Blue Forest Echo Pte Ltd

Mr. Chong entered into a letter of appointment with the Company for an initial term of three years commencing from 2 December 2016 until terminated by either party by giving not less than three months' notice in writing to the other, and subject to the relevant provisions of retirement and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Chong is currently entitled to a monthly director's fee of US\$3,000, which was determined on the basis of his performance, responsibilities and commitment and the basis of salaries paid by comparable companies and tenure.

As at the date of this announcement, Mr. Chong has an interest in 5,580,000 underlying Shares (within the meaning of Part XV of the SFO), representing approximately 0.31% of the issued share capital of the Company.

Saved as disclosed above, as at the date of this announcement, (i) Mr. Chong does not hold any other position in the Group; (ii) Mr. Chong did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years; (iii) Mr. Chong has no relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (iv) Mr. Chong does not have any other interest or short position in the Shares, underlying Shares or debentures within the meaning of Part XV of the SFO; and (v) there is no other information relating to Mr. Chong that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Tan Lip-Keat, aged 45, has been appointed as an independent non-executive Director, the chairman of the audit committee, and a member of each of the remuneration committee and the nomination committee of the Company since 2 December 2016. He has been the financial controller of Blamey & Saunders Hearing Pty Ltd in Australia since January 2018. Prior to that, he was the finance manager and company secretary of Amneal Pharmaceuticals Pty Ltd in Australia from March 2014 to January 2018 and held various positions in the Bristol-Myers Squibb Group, as the finance director (Malaysia & Singapore, Hong Kong) of Mead Johnson Nutrition, the senior finance manager (Asia Pacific Region) of Mead Johnson Nutrition, the senior financial planning manager (Malaysia & Singapore) of Mead Johnson Nutrition and finance controller (Vietnam) of Mead Johnson Nutrition from January 2006 to June 2013, where he was responsible for the finance lead for Asia Pacific projects and made key expansion decisions for the finance function of the Asia Pacific region. Also, he was the financial accountant of Bristol-Myers Squibb Pharmaceutical from April 2004 to December 2005. Prior to joining the Bristol-Myers Squibb Group, Mr. Tan was the financial accountant of Mayne Group from June 2002 to April 2004.

Mr. Tan graduated with a Bachelor of Commerce (Accounting & Finance) degree from Monash University, Melbourne, Australia in April 1998. He became a certified practicing accountant in Australia in August 2001, and currently holds the status of fellow certified practising accountant of CPA Australia.

Mr. Tan entered into a letter of appointment with the Company for an initial term of three years commencing from 2 December 2016 until terminated by either party by giving not less than three months' notice in writing to the other, and subject to the relevant provisions of retirement and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Tan is currently entitled to a monthly director's fee of US\$3,000, which was determined on the basis of his performance, responsibilities and commitment and the basis of salaries paid by comparable companies and tenure.

As at the date of this announcement, Mr. Tan has an interest in 5,580,000 underlying Shares (within the meaning of Part XV of the SFO), representing approximately 0.31% of the issued share capital of the Company.

Saved as disclosed above, as at the date of this announcement, (i) Mr. Tan does not hold any other position in the Group; (ii) Mr. Tan did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years; (iii) Mr. Tan has no relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (iv) Mr. Tan does not have any other interest or short position in the Shares, underlying Shares or debentures within the meaning of Part XV of the SFO; and (v) there is no other information relating to Mr. Tan that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Seow Chow Loong Iain (蕭兆隆), aged 53, has been appointed as an independent non-executive Director, the chairman of the nomination committee, and a member of each of the audit committee and the remuneration committee of the Company since 2 December 2016. Mr. Seow is currently the General Counsel & Company Secretary of Shangri-la Asia Limited where he manages and renders in-house legal and corporate secretarial services for the Shangri-la Group since November 2011. Prior to that, Mr. Seow was a Partner, and Of Counsel in the Litigation Group in Jones Day in Hong Kong, from September 2001 to November 2007. From March 1994 to August 2001, he was an Associate in the Litigation Practice Group at Baker McKenzie, Hong Kong. He was also an advocate and solicitor in Khattar Wong & Partners in Singapore from January 1993 to February 1994.

Mr. Seow graduated from King's College London with a Bachelor of Laws degree with 2nd Class Honours (Upper Division) in August 1990. He was called to the Bar in England & Wales in November 1991, admitted as an advocate and solicitor of the Supreme Court of Singapore in January 1993, admitted as a solicitor of England & Wales in May 1995, and he is currently a solicitor of the High Court of Hong Kong.

Mr. Seow entered into a letter of appointment with the Company for an initial term of three years commencing from 2 December 2016 until terminated by either party by giving not less than three months' notice in writing to the other, and subject to the relevant provisions of retirement and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Seow is currently entitled to a monthly director's fee of US\$3,000, which was determined on the basis of his performance, responsibilities and commitment and the basis of salaries paid by comparable companies and tenure.

As at the date of this announcement, Mr. Seow has an interest in 5,580,000 underlying Shares (within the meaning of Part XV of the SFO), representing approximately 0.31% of the issued share capital of the Company.

Saved as disclosed above, as at the date of this announcement, (i) Mr. Seow does not hold any other position in the Group; (ii) Mr. Seow did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years; (iii) Mr. Seow has no relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (iv) Mr. Seow does not have any other

interest or short position in the Shares, underlying Shares or debentures within the meaning of Part XV of the SFO; and (v) there is no other information relating to Mr. Seow that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Directors' service contracts and letters of appointment

In light of the Transfer of Listing, the Company will enter into an amendment deed with each of the Directors prior to the Transfer of Listing with terms materially the same as the original service contract or letter of appointment (as the case may be) entered into between the Company and the relevant Director in order to amend any references to the GEM Listing Rules in the original service contract or letter of appointment (as the case may be) to references to the Main Board Listing Rules.

Senior management

Mr. David Preti, aged 49, has become the chief operating officer of the Company since December 2018. Mr. Preti joined the Group in April 2016. He is currently primarily responsible for overseeing game development and production. Mr. Preti has over 10 years of experience in the gaming industry. From 2007 to 2016, Mr. Preti was a director and shareholder of Dustgame Limited, a board game publisher. From 2012 to 2018, Mr. Preti was been a director and shareholder of Guillotine Games Limited. Mr. Preti also has over 10 years of experience in re-insurance. He worked as a senior underwriter and Brazilian chief representative officer of Partner Reinsurance Europe SE from 2003 to February 2016. Mr. Preti graduated with a Bachelor in History degree from the University of Genua in June 2001.

Mr. David Preti did not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years immediately preceding the date of this announcement.

Joint company secretaries

Ms. Ng Sau Mei (伍秀薇), aged 42, is one of the joint company secretaries of the Company. Ms. Ng is a senior manager of TMF Hong Kong Limited and is responsible for provision of corporate secretarial services to listed company clients. She has professional and in-house experience in the company secretarial field as she has worked for various companies that are listed on the Main Board of the Stock Exchange. Ms. Ng currently serves as the joint company secretary for various public listed companies in Hong Kong, including Tian Ge Interactive Holdings Limited (stock code: 1980), Ourgame International Holdings Limited (stock code: 6899) and Niraku GC Holdings, Inc. (stock code: 1245). Ms. Ng obtained a Bachelor's Degree in Laws from City University of Hong Kong in November 2001 and was qualified as an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the UK in September 2007.

Mr. Koh Zheng Kai (許政開) is an executive Director and one of the joint company secretaries of the Company. For more information on Mr. Koh's qualifications and experience, please see the sub-paragraph headed "Executive Directors" above.

BOARD DIVERSITY

The Board comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. The Board is characterised by significant diversity, whether considered in terms of age, educational background, ethnicity, professional experience, skills, knowledge and length of service. In particular, the Directors have a balanced mix of knowledge, skills and experience, including the areas of tabletop games, corporate management, accounting, finance and legal. Besides, the Board has a relatively wide range of age, ranging from 40 years old to 55 years old.

The Company has taken, and will continue to take steps to promote gender diversity of the Board. While the Company recognizes that the gender diversity of the Board can be improved given its current composition of all male Directors, the Company will continue to apply the principle of appointments based on meritocracy with reference to its board diversity policy. The nomination committee of the Company will use its best efforts to identify and recommend suitable female candidates to the Board for its consideration and the Company aims to appoint at least one female Director by the end of 2022.

Going forward, to develop a pipeline of potential successors to the Board that could ensure gender diversity of the Board, the Company will (i) consider the possibility of nominating at least one female Director to the Board or female senior management who has the necessary skills and experience; (ii) ensure that there is gender diversity when recruiting staff at mid to senior level; and (iii) devote more resources in training female staff with the aim of promoting them to the senior management or directorship of the Company.

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 the date of this announcement is set out below:

Strategy	Business objectives	Actual business progress for the period from 15 November 2016 to the date of this announcement
Achieve organic growth by developing more high-quality games	<ul style="list-style-type: none"> ● Develop, launch and deliver the games as set out in the paragraph headed “Business — Game Pipeline” in the Prospectus (the “Game Pipeline”) and fulfil the outstanding Kickstarter projects which products have not yet been shipped as at 15 November 2016 (the “Outstanding Kickstarter Projects”) ● Develop, launch and deliver at least four new games ● Maintain two newly hired in-house game developers 	<ul style="list-style-type: none"> ● Continued to develop the games as set out in the Game Pipeline, save as nine pipeline games which launch were either delayed or cancelled after assessing the expected market reaction and demand on the products ● Shipped all the Outstanding Kickstarter Projects namely <i>Arcadia Quest: Inferno</i>, <i>Masmorra: Dungeons of Arcadia</i>, <i>Rum & Bones: Second Tide</i> and <i>Massive Darkness</i> ● Launched and shipped 11 Kickstarter projects namely <i>A Song of Ice & Fire: Tabletop Miniatures Game</i>, <i>Arcadia Quest: Riders</i>, <i>Cthulhu: Death May Die</i>, <i>HATE</i>, <i>Munchkin in Dungeon</i>, <i>Project: ELITE</i>, <i>Rising Sun</i>, <i>Starcadia Quest</i>, <i>The World of SMOG: Rise of Moloch</i>, <i>Zombicide: Green Horde</i> and <i>Zombicide: Invader</i> ● Launched four Kickstarter projects namely <i>Blood Rage Digital</i>, <i>Bloodborne: The Board Game</i>, <i>Trudvang Legends</i> and <i>Zombicide: 2nd Edition</i> ● Maintained the two newly hired in-house game developers

Strategy	Business objectives	Actual business progress for the period from 15 November 2016 to the date of this announcement
Further strengthen the sales and marketing capability and broaden reach into new markets	<ul style="list-style-type: none"> ● Maintain seven newly hired staff in the sales and marketing team ● Set up and maintain the existing sales office in Canada ● Increase publicity across all of the existing marketing channels, including participation in game conventions, advertisements and cooperation with online game websites ● Increase or initiate contact with existing or new wholesalers to enhance or initiate business relationships 	<ul style="list-style-type: none"> ● The Group has successfully maintained five staff ^(Note 1) ● The Group has set up its sales office in Canada, which commenced operation in October 2017 ● Continued to promote the Company's products through online advertising and social networking websites ● Maintained regular contact with existing wholesalers ● Initiated contact with five new wholesalers ● The Group has set up CMON Foshan in China, which commenced to conduct marketing activities in China in the second half of 2018
Further expansion into the mobile game market	<ul style="list-style-type: none"> ● Develop the second mobile game, <i>Zombicide (mobile)</i> (which is renamed as <i>Zombicide: Tactics & Shotguns</i>) 	<ul style="list-style-type: none"> ● Continued to market <i>Zombicide (mobile)</i> (which is renamed as <i>Zombicide: Tactics & Shotguns</i>), which has been launched in 2019

Notes:

1. The Group had successfully maintained seven staff up to the resignation of Mr. Jules Vautour as chief operating officer and Ms. Roumpini Nikolopaolou as marketing director in June 2018 due to their personal commitments. Their jobs and duties have been taken up by other senior management who have relevant experiences. Please refer to the paragraph headed “Management of the Company since Listing” of this announcement for more details.

For the nine pipeline games stated in the Prospectus, the launch of which were either delayed or cancelled, (i) one of them was a third party game under the distribution agreement with a licensor which the Group has decided not to renew upon its expiry in January 2017. Therefore, the launch of this game was cancelled. As a third party game, the Group did not make any investment in the development of the game; (ii) one of them was *Zombicide: Tactics & Shotguns*, which was referred as *Zombicide (mobile)* in the Prospectus. *Zombicide: Tactics & Shotguns* has been officially launched in April 2019. As the development costs incurred for *Zombicide: Tactics & Shotguns* since the Listing 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 material investment or expenditure had been incurred by the Group; (iii) one of them was *Kick-Ass*, which was launched in 2018 with revenue contribution of US\$78,588 and US\$76,579 for the year ended 31 December 2018 and the six months ended 30 June 2019, respectively; (iv) one of them was *Trudvang Legends*, a Kickstarter game launched in 2019 with fund raising size of approximately US\$1.5 million. Up to the Latest Practicable Date, US\$214,008 has been invested in the development of this game; and (v) currently the remaining five games do not have any concrete launch schedule. Up to the Latest Practicable Date, US\$24,588 has been invested in the development of these games.

Except for *Zombicide: Tactics & Shotguns* and *Trudvang Legends* which are expected to be more significant to the Group in terms of market position and revenue contribution, the Directors do not expect the revenue contribution from the other seven delayed or cancelled games to be material. Besides, taking into account the total amount invested in the delayed or cancelled games and the revenue contribution by *Kick-Ass* for the year ended 31 December 2018 and the six months ended 30 June 2019, the Directors are of the view that there is no material impact on the Group's business and financial performance due to the delay and/or cancellation of the nine pipeline games.

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. An estimated amount of approximately HK\$21.1 million of underwriting fees and other listing expenses in aggregate were deducted from the gross proceeds of approximately HK\$70.4 million for the purpose of calculating the estimated net proceeds of approximately HK\$49.3 million as disclosed in the Prospectus. However, after finalisation of all the fees and expenses with the professional parties involved in the Placing, the actual total underwriting fees and other listing expenses was only approximately HK\$16.6 million. Therefore, the actual net proceeds received by the Company from the Placing were higher than the amount disclosed in the Prospectus.

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 <i>HK\$ million</i>	Actual use of proceeds up to 30 June 2019 <i>HK\$ million</i>
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	<u>4.9</u>	<u>4.9</u>
Total	<u><u>53.8</u></u>	<u><u>53.1</u></u>

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 30 June 2019.

Save as disclosed above, the Directors confirm that there were no material discrepancies between the progress of 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.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the respective websites of the Company at <http://cmon.com> and of the Stock Exchange at <http://www.hkexnews.hk>:

- (a) the interim report of the Company for the six months ended 30 June 2019;
- (b) the first quarterly report of the Company for the three months ended 31 March 2019;
- (c) the annual report of the Company for the year ended 31 December 2018;
- (d) the Memorandum and Articles of Association;

- (e) the circulars of the Company dated 23 March 2018 and 29 March 2019 in relation to, among other things, the proposals for general mandates to issue Shares and to repurchase Shares, and re-election of retiring Directors; and
- (f) each of the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Acting-in-Concert Arrangement”	the acting-in-concert confirmation letter dated 15 July 2015 executed by Mr. Ng and Mr. Doust, pursuant to which Mr. Ng and Mr. Doust confirm, among other things, that they would and will continue to act in concert in exercising their voting rights over any company in the Group of which both of them are ultimate or beneficial owners, details of which please refer to the section headed “Relationship with Controlling Shareholders — Controlling Shareholders Acting In Concert” in the Prospectus
“Articles of Association”	the articles of association of the Company as adopted by the Company from time to time
“associate(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Board”	the board of Directors
“C\$”	Canadian dollars, the lawful currency of Canada
“CA SPV”	Cangsome Limited, a limited liability company incorporated in the British Virgin Islands on 1 July 2015, which is wholly-owned by Mr. Ng
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Galaxy International”	China Galaxy International Securities (Hong Kong) Co., Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

“close associate(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“CMON Foshan”	Foshan CMON Tabletop Games Trading Co., Ltd.* (佛山戲夢桌游貿易有限公司), a wholly foreign owned enterprise established in the PRC on 18 April 2018 with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	CMON Limited, an exempted company incorporated under the laws of the Cayman Islands on 16 June 2015 with limited liability
“connected person(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“DD SPV”	Dakkon Holdings Limited, a limited liability company incorporated in the British Virgin Islands on 3 July 2015, which is wholly-owned by Mr. Doust
“Director(s)”	the director(s) of the Company
“EU”	the European Union consisting a group of 28 European countries
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as may be amended from time to time)
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which, to the best of the knowledge of the Directors having made all reasonable enquiries, is/are independent from the Company and its connected persons
“IP(s)”	intellectual property(ies)

“Ipsos”	Ipsos Limited, a market research and industry consultant commissioned by the Company to prepare the Ipsos Report and an Independent Third Party
“Ipsos Report”	the industry report dated 11 November 2019 prepared by Ipsos Business Consulting, a strategy consulting arm of Ipsos, in relation to the tabletop games industry in the USA, EU and PRC
“Joint Sponsors”	China Galaxy International and Lego Corporate Finance
“Kickstarter”	an online funding platform for creative projects, with its website at http://www.kickstarter.com
“Latest Practicable Date”	4 November 2019, being the latest practicable date for ascertaining certain information in this announcement
“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
“Listing”	listing of the Shares on GEM on 2 December 2016
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market), which continues to be operated by the Stock Exchange in parallel with GEM, and for the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as may be amended from time to time)
“Memorandum”	the memorandum of the Company as adopted by the Company from time to time
“Mr. Chua”	Mr. Frederick Chua Oon Kian (蔡穩健), the non-executive Director
“Mr. Doust”	Mr. David Doust (建邦), an executive Director and a controlling shareholder of the Company
“Mr. Koh”	Mr. Koh Zheng Kai (許政開), an executive Director and one of the joint company secretaries of the Company
“Mr. Ng”	Mr. Ng Chern Ann (黃成安), the chairman, chief executive officer, executive Director and a controlling shareholder of the Company

“Ms. Ng”	Ms. Ng Sau Mei (伍秀薇), the joint company secretary of the Company
“MSRP”	manufacturer’s suggested retail price
“Placing”	the placing of 306,000,000 Shares at a price of HK\$0.23 per Share on GEM on 2 December 2016
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	prospectus of the Company dated 25 November 2016
“Reporting Period”	the three financial years ended 31 December 2018 and the six months ended 30 June 2019
“S\$”	Singapore dollars, the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.00005 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company conditionally adopted by the Company on 17 November 2016
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Transfer of Listing”	the transfer of listing of the Shares from GEM to Main Board
“US\$”	United States Dollars, the lawful currency of the USA
“USA” or “United States” or “U.S.”	the United States of America

“UK” the United Kingdom

“%” per cent

* *For identification purpose only*

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

Singapore, 11 November 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and Main Board 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.

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>.