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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS

The board of directors (the “**Board**”) of CMON Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 together with the comparative figures for the six months ended 30 June 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
Revenue	2, 3	11,915,693	12,820,010
Cost of sales		(6,921,777)	(6,948,961)
Gross profit		4,993,916	5,871,049
Other income		206,025	236,533
Other gain/(loss), net	5	111,053	(297,843)
Selling and distribution expenses		(2,247,900)	(2,216,477)
General and administrative expenses		(3,164,757)	(3,351,542)

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
<i>Notes</i>		<i>US\$</i>	<i>US\$</i>
Operating (loss)/profit		(101,663)	241,720
— Professional service fees in respect of the application for the transfer listing of shares of the Company from GEM to Main Board (the “Transfer of Listing”)		—	(1,053,546)
Finance costs		<u>(197,098)</u>	<u>(270,225)</u>
Loss before income tax		(298,761)	(1,082,051)
Income tax expense	6	<u>(291,011)</u>	<u>(65,562)</u>
Loss for the period attributable to equity holders of the Company	4	(589,772)	(1,147,613)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange difference on translation on foreign operations		<u>(232)</u>	<u>(2,349)</u>
Other comprehensive loss, net of tax		(232)	(2,349)
Loss and total comprehensive loss for the period attributable to equity holders of the Company		(590,004)	(1,149,962)
Loss per share attributable to equity holders of the Company during the period			
Basic and diluted	7	<u>(0.00033)</u>	<u>(0.00064)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020 (Unaudited) US\$	As at 31 December 2019 (Audited) US\$
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	9	14,182,799	14,207,636
Intangible assets	10	12,627,395	12,506,463
Rights-of-use assets		598,256	120,586
Deposit placed with a life insurance company		1,207,640	1,188,890
		<u>28,616,090</u>	<u>28,023,575</u>
Current assets			
Inventories		2,837,153	2,010,838
Trade and other receivables	11	333,253	1,934,110
Prepayments and deposits		5,497,242	6,862,791
Pledged deposit		207,200	207,622
Cash and cash equivalents		4,082,552	757,743
		<u>12,957,400</u>	<u>11,773,104</u>
Total assets		<u><u>41,573,490</u></u>	<u><u>39,796,679</u></u>
EQUITY			
Capital and reserves			
Share capital	12	11,700	11,700
Share premium	12	12,384,133	12,384,133
Retained earnings		7,823,965	8,413,737
Capital reserves		780,499	780,499
Share-based compensation reserves		948,854	756,176
Exchange reserves		(55,041)	(54,809)
Total equity		<u>21,894,110</u>	<u>22,291,436</u>

		As at 30 June 2020 (Unaudited) US\$	As at 31 December 2019 (Audited) US\$
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Bank borrowings		7,748,160	3,716,220
Deferred income tax liabilities		2,441,486	2,150,475
Lease liabilities		492,479	96,006
		<u>10,682,125</u>	<u>5,962,701</u>
Current liabilities			
Accruals and other payables		370,224	1,672,482
Bank borrowings		3,687,675	6,634,444
Contract liabilities		4,785,594	2,930,075
Lease liabilities		105,276	28,716
Income tax payable		48,483	276,822
Amount due to ultimate holding company	13	<u>3</u>	<u>3</u>
		<u>8,997,255</u>	<u>11,542,542</u>
Total liabilities		<u>19,679,380</u>	<u>17,505,243</u>
Total equity and liabilities		<u><u>41,573,490</u></u>	<u><u>39,796,679</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital US\$	Share premium US\$	Retained earnings US\$	Capital reserves US\$	Share-based compensation reserves US\$	Exchange reserves US\$	Total US\$
At 1 January 2020 (Audited)	11,700	12,384,133	8,413,737	780,499	756,176	(54,809)	22,291,436
Comprehensive loss							
Loss for the period (Unaudited)	—	—	(589,772)	—	—	—	(589,772)
Other comprehensive loss (Unaudited)	—	—	—	—	—	(232)	(232)
Employee share option granted (Unaudited)	—	—	—	—	192,678	—	192,678
Total comprehensive loss (Unaudited)	—	—	(589,772)	—	192,678	(232)	(397,326)
At 30 June 2020 (Unaudited)	11,700	12,384,133	7,823,965	780,499	948,854	(55,041)	21,894,110
At 1 January 2019 (Audited)	11,700	12,384,133	9,176,923	780,499	163,363	(22,319)	22,494,299
Comprehensive loss							
Loss for the period (Unaudited)	—	—	(1,147,613)	—	—	—	(1,147,613)
Other comprehensive loss (Unaudited)	—	—	—	—	—	(2,349)	(2,349)
Employee share option granted (Unaudited)	—	—	—	—	200,949	—	200,949
Total comprehensive loss (Unaudited)	—	—	(1,147,613)	—	200,949	(2,349)	(949,013)
At 30 June 2019 (Unaudited)	11,700	12,384,133	8,029,310	780,499	364,312	(24,668)	21,545,286

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$	US\$
Net cash (used in)/generated from operating activities	(91,595)	1,157,483
Net cash generated from/(used in) investing activities	2,139,258	(3,444,140)
Net cash generated from financing activities	1,277,377	988,604
Net increase/(decrease) in cash and cash equivalents	3,325,040	(1,298,053)
Cash and cash equivalents at beginning of the period	757,744	2,849,799
Exchange difference	(232)	(2,349)
Cash and cash equivalents at end of the period	4,082,552	1,549,397

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The preparation of unaudited consolidated results in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

(a) Application of new and amendments to IFRSs

In the current period, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2019, as described in those consolidated financial statements and no new policy was introduced for application.

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

New standards and amendments to standards are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2019 which have not come into effect for the financial year beginning 1 January 2020, and have not been early adopted by the Group in preparing the unaudited condensed consolidated financial statements. None of these is expected to have a significant effect on the unaudited condensed consolidated financial statements of the Group based on the preliminary assessment made by management.

2. SEGMENT INFORMATION

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

During the six months ended 30 June 2020 and 2019, revenue was earned from customers located in the following geographical areas:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$	US\$
North America	7,028,858	6,018,363
Europe	3,754,357	3,919,533
Oceania	387,740	308,561
Asia	727,762	1,814,969
South America	16,976	758,584
	11,915,693	12,820,010

3. REVENUE

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$	US\$
Sales of products	11,745,583	10,607,417
Shipping income in connection with sale of products	170,110	2,212,593
	<u>11,915,693</u>	<u>12,820,010</u>

4. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$	US\$
Cost of inventories	4,257,347	4,388,334
Other professional fees	144,946	125,896
Staff costs including directors' emolument		
Salaries, bonus and allowances	1,088,506	1,696,277
Equity-settled share-based payments	192,678	200,949
Retirement benefits scheme contribution	60,350	60,628
Depreciation of property, plant and equipment	968,152	1,201,956
Depreciation of right-of-use assets	15,628	126,694
Amortisation of intangible assets	1,426,969	994,283

5. OTHER GAIN/(LOSS), NET

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$	US\$
Exchange gain/(loss)	111,053	(25,132)
Initial recognition loss on measurement of deposit placed with a life insurance company	—	(272,711)
	<u>111,053</u>	<u>(297,843)</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$	US\$
Current income tax expense	—	65,562
Deferred tax expenses	291,011	—
	<u>291,011</u>	<u>65,562</u>

The Group is exempted from taxation in the Cayman Islands and the British Virgin Islands. The companies comprising the Group are subject to the United States of America (“United States”) corporate tax at the rate of 21% and Singapore corporate income tax at the rate of 17%.

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity holders of the Company (US\$)	(589,772)	(1,147,613)
Weighted average number of ordinary shares in issue	<u>1,806,000,000</u>	<u>1,806,000,000</u>
Basic loss per share (US\$)	<u>(0.00033)</u>	<u>(0.00064)</u>

Diluted loss per share is the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2020 and 2019.

8. INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment amounting to approximately US\$1.1 million (for the six months ended 30 June 2019: approximately US\$1.2 million).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2020, the Group spent approximately US\$0.9 million on acquisition of intangible assets (for the six months ended 30 June 2019: approximately US\$0.8 million).

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 (Unaudited) US\$	As at 31 December 2019 (Audited) US\$
Trade receivables	252,664	1,853,234
Less: Allowance for doubtful debt	<u>(32,384)</u>	<u>(32,384)</u>
	220,280	1,820,850
Other receivables	<u>112,973</u>	<u>113,260</u>
	<u>333,253</u>	<u>1,934,110</u>

During the six months ended 30 June 2020 and the year ended 31 December 2019, the Group granted credit terms of 0 to 60 days and 0 to 60 days to its customers, respectively.

As at 30 June 2020 and 31 December 2019, the ageing analysis of trade receivables by the date on which the respective sales invoices were issued is as follows:

	As at 30 June 2020 (Unaudited) US\$	As at 31 December 2019 (Audited) US\$
Less than 30 days	125,572	547,289
30 days to 90 days	55,078	285,111
91 days to 180 days	39,630	—
181 days to 365 days	—	988,450
	<u>220,280</u>	<u>1,820,850</u>

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of the Company	Share capital US\$	Share premium US\$
Authorised:			
Ordinary share capital of HK\$0.0005 each on			
1 January 2019, 31 December 2019,			
1 January 2020 and 30 June 2020	<u>7,600,000,000</u>	<u>49,147</u>	<u>—</u>
	Number of shares of the Company	Share capital US\$	Share premium US\$
Issued and fully paid:			
At 1 January 2019, 31 December 2019,			
1 January 2020 and 30 June 2020	<u>1,806,000,000</u>	<u>11,700</u>	<u>12,384,133</u>

13. RELATED PARTY TRANSACTION

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

(a) Balances with related party

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

Name	Relationship with the Group
CMON Holdings Limited	Ultimate holding company

As at 30 June 2020 and 31 December 2019, the amount due to ultimate holding company was unsecured, interest-free, denominated in US\$ and repayable on demand.

(b) Key management compensation

	Six months ended 30 June	
	2020	2019
	(Unaudited) US\$	(Unaudited) US\$
Wages and salaries	265,004	273,846
Directors' fees	62,857	272,949
Pension costs — defined contribution plans	8,755	10,507
	<u>336,616</u>	<u>557,302</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Model and Business Overview

We are a hobby games publisher specialising in developing and publishing mainly tabletop games (including board games and miniature war games). We also started developing and launching mobile games since 2015.

We publish both self-owned games and licensed games. We also distribute third-party tabletop games. We sell our tabletop games mainly through Kickstarter and to wholesalers. We also sell directly to end-users through our own physical store located in Singapore and online game conventions, both online and physical (where possible), held two to three times a year.

As at the date of this interim results announcement, we offer a total of 93 games, comprising 87 board games, three miniature war games, two mobile games and one computer game.

Long-Term Strategies and Outlook

Our strategy is to achieve long-term growth through geographical diversification and product diversification. We remain focused on 1) expanding into the Asian markets, 2) marketing directly to end users and gamers, particularly in China and South East Asia and 3) strengthening our game design capabilities and licensing of good intellectual properties. In the first half of 2020, our wholly owned Chinese subsidiary started operating out of a newly renovated office cum warehouse in Guangzhou, China and started to increase headcount in China.

We strive to become a leading developer and publisher of quality tabletop games and are optimistic about the growth and development of the tabletop games industry. During the six months ended 30 June 2020, we launched three Kickstarter games, namely *Marvel United*, *Ankh: Gods of Egypt* and *CMON Comics: Vol. 1* and raised approximately US\$2.8 million, US\$3.3 million and US\$0.5 million, respectively. We will continue to launch games that will not only help us retain a significant number of players, but will also help us attract new players, so we can grow our revenue base and sustain our competitive position. We will continue to expand our geographical coverage with an aim to increase market share as we make our games known to more Asian players.

In the first quarter of 2020, most of China shut down due to the COVID-19 pandemic. This caused our sales to decrease significantly because we could not ship to our customers. Retail shut down also had a negative impact on sales, but online sales quickly made up for the decrease. Unless there is another shut down in China, management is of the view that the pandemic should not negatively impact sales significantly going forward.

Financial Review

Revenue

Revenue decreased by approximately 7% from approximately US\$12.8 million for the six months ended 30 June 2019 to approximately US\$11.9 million for the six months ended 30 June 2020 mainly due to the COVID-19 pandemic.

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

	Six months ended 30 June			
	2020		2019	
	(Unaudited)		(Unaudited)	
	US\$	%	US\$	%
Direct				
Kickstarter	9,821,017	82.4	1,938,301	15.1
Online store and game conventions	29,701	0.3	57,173	0.5
Mobile games	247	—	727	—
Wholesalers	<u>2,064,728</u>	<u>17.3</u>	<u>10,823,809</u>	<u>84.4</u>
Total	<u><u>11,915,693</u></u>	<u><u>100.0</u></u>	<u><u>12,820,010</u></u>	<u><u>100.0</u></u>

Cost of Sales

There was no change in cost of sales for the six months ended 30 June 2019 and for the six months ended 30 June 2020 of approximately US\$6.9 million. Amortization portion of cost of sales increased, offset by decreasing cost of inventories due to revenue decrease.

Gross Profit and Gross Profit Margin

Gross profit decreased from approximately US\$5.9 million for the six months ended 30 June 2019 to approximately US\$5.0 million for the six months ended 30 June 2020, mainly due to the lower sales in first quarter of 2020 caused by the COVID-19 pandemic. Our gross profit margin decreased from approximately 45.8% for the six months ended 30 June 2019 to approximately 41.9% for the six months ended 30 June 2020.

Other Income

Other income amounted to US\$236,533 and US\$206,025 for the six months ended 30 June 2019 and 2020, respectively, and the decrease was mainly due to the decrease in advertising income from our website.

Selling and Distribution Expenses

Selling and distribution expenses amounted to approximately US\$2.2 million and approximately US\$2.2 million for the six months ended 30 June 2019 and 2020, respectively. There was an increase in merchant account fees in 2020 due to a higher value of funded Kickstarter projects, fully offset by a decrease in expenses related to attendance of conventions in 2020, namely marketing and traveling expenses.

General and Administrative Expenses

Our general and administrative expenses for the six months ended 30 June 2019 were approximately US\$3.4 million and decreased to approximately US\$3.2 million for the six months ended 30 June 2020, mainly due to professional service fees in respect of the application for the Transfer of Listing incurred in 2019, but not in 2020.

Income Tax Expense

Income tax expense for the six months ended 30 June 2019 was US\$65,562 and was US\$291,011 for the six months ended 30 June 2020. This was mainly due to increase in deferred tax expense.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2020, we financed our operations mainly through cash generated from our internally generated funds and external borrowings.

As at 30 June 2020, the Group was offered committed banking facilities amounting to approximately US\$12.3 million (31 December 2019: approximately US\$12.3 million). As at 30 June 2020, the Group's total bank borrowings were approximately US\$11.4 million (31 December 2019: approximately US\$10.4 million), of which (i) approximately US\$6.6 million were denominated in Singapore dollars, with a tenor of 20 years and interests charged at fixed rates from drawdown date till the end of the second year from the respective dates of the banking facility letters and at floating rates for subsequent years; and (ii) approximately US\$4.8 million were denominated in United States dollars, with a tenor of 120 days to 4 years and interests charged at floating rates. Bank borrowings of approximately US\$4.6 million were secured by the Group's properties in Singapore, a corporate guarantee from the Company and a charge over all fixed deposits placed with the relevant bank. As at 30 June 2020, the Group's borrowings were repayable as follows:

	As at 30 June 2020 (Unaudited) <i>US\$</i>	As at 31 December 2019 (Audited) <i>US\$</i>
Within 1 year	3,687,675	6,634,444
Between 1 and 2 years	1,517,741	713,275
Between 2 and 5 years	3,242,997	768,021
Over 5 years	<u>2,987,422</u>	<u>2,234,924</u>
Total	<u><u>11,435,835</u></u>	<u><u>10,350,664</u></u>

As at 30 June 2020 and 31 December 2019, we had total cash and cash equivalents and pledged deposits of approximately US\$4.3 million and US\$1.0 million, respectively, which were cash at banks and on hand, denominated in United States dollars, Canadian dollars, Singapore dollars and Hong Kong dollars.

Going forward, we intend to use our capital to fund our working capital, game development activities, acquisition of intellectual properties as well as the expansion plans as stated in the prospectus of the Company dated 25 November 2016 (the "**Prospectus**").

TREASURY POLICIES

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

CAPITAL STRUCTURE

As at 30 June 2020, the Group's capital structure consisted of bank borrowings, capital and reserves attributable to equity holders of the Company, comprising share capital, share premium, retained earnings, capital reserves and other reserves.

NEW GAMES AND THEIR IMPACT ON THE FINANCIAL PERFORMANCE

During the six months ended 30 June 2020, the Group launched three Kickstarter games, namely, *Marvel United*, *Ankh: Gods of Egypt* and *CMON Comics: Vol. 1* and raised approximately US\$2.8 million, US\$3.3 million and US\$0.5 million, respectively.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2020, the Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

INFORMATION ON EMPLOYEES

As at 30 June 2020, the Group had 56 employees (30 June 2019: 52). Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and/or share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident fund contributions) for the six months ended 30 June 2020 amounted to approximately US\$1.1 million (for the six months ended 30 June 2019: approximately US\$1.6 million).

CHARGES ON ASSETS

As at 30 June 2020, properties with net book value of approximately US\$4.4 million and pledged deposit of US\$207,200 were charged as collateral for bank borrowings.

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

GEARING RATIO

As at 30 June 2020, the Group had short-term and long-term bank borrowings of approximately US\$3.7 million and approximately US\$7.7 million, respectively (31 December 2019: approximately US\$6.6 million and approximately US\$3.7 million, respectively).

As at 30 June 2020, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 45.3% (31 December 2019: approximately 44%).

EXPOSURE TO FOREIGN EXCHANGE

The Group mainly operates in the United States and Singapore with most of its transactions denominated and settled in US dollars. The Group currently does not have a foreign currency hedging policy. However, the Group will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency risk should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

EVENTS OCCURRED AFTER 30 JUNE 2020

In around March 2020, PricewaterhouseCoopers, the former auditor of the Company, had identified certain audit issues (the “**Audit Issues**”) during their audit works in preparation of the annual financial statements of the Company. The Audit Issues caused a delay in the publication of the annual report and annual results announcement for the year ended 31 December 2019. As such, the trading in the shares of the Company had been suspended since 1 April 2020.

On 18 June 2020, the Company has been notified by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the following resumption guidance (the “**Resumption Guidance**”) for the Company: (i) conduct an appropriate investigation into the issues raised by the Company’s auditors, announce the findings and take appropriate remedial actions; (ii) publish all outstanding financial results and address any audit modifications; and (iii) announce all material information for the Company’s shareholders and other investors to appraise the Company’s position.

Consequently, an independent investigation committee comprising all current members of the audit committee of the Board was formed on 7 July 2020 (the “**Investigation Committee**”) and Mazars Singapore (“**Mazars**”) was appointed on 6 July 2020 as an independent professional party to conduct an independent investigation (the “**Investigation**”) on the Audit Issues. On 30 September 2020, Mazars issued a draft independent investigation report (the “**Investigation Report**”) containing its findings of the Investigation and internal control recommendations. The Investigation Committee reviewed the draft Investigation Report and agreed with its findings and internal control recommendations in a meeting of the Investigation Committee attended by Mazars on 30 September 2020. The Company has since implemented the internal control recommendations in accordance with the draft Investigation Report in consultation with Mazars. The final Investigation Report was issued on 14 October 2020.

For more details regarding the Audit Issues, the Resumption Guidance, the Investigation, the Investigation Report and the resumption progress, please refer to the announcements of the Company dated 23 June 2020, 30 June 2020, 7 July 2020, 30 September 2020 and 23 October 2020. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed in this interim results announcement, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the period ended 30 June 2020. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Ng Chern Ann is currently the chairman and was re-designated as a joint chief executive officer of the Company with the appointment of Mr. David Doust as joint chief executive officer of the Company on 23 January 2020. In view of Mr. Ng being one of the founders of the Group, and his responsibilities in corporate strategic planning and overall business development, the Board believes that it is in the interests of both the Group and the Shareholders to have Mr. Ng taking up both roles for effective management and business development. The Board also meets regularly on a quarterly basis to review the operation of the Group led by Mr. Ng. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company. Now that Mr. Ng and Mr. David Doust jointly execute the Group's development strategy and manage the Group's business operations, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman and joint chief executive officer is necessary.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings during the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The audit committee of the Company (the "Audit Committee") comprises three members, namely Mr. Wong Yu Shan Eugene (chairman), Mr. Chong Pheng and Mr. Choy Man. All three members are independent non-executive Directors.

The Audit Committee has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group and discussed with them the unaudited condensed consolidated financial statements and interim results announcement of the Group for the six months ended 30 June 2020, recommending their adoption by the Board.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2020, none of the Directors, controlling Shareholders or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

The interim report of the Company for the six months ended 30 June 2020 will be despatched to the Shareholders and available on the Company's website (<http://cmon.com>) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2020 and will continue to be suspended until the Company fulfills the Resumption Guidance. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board

CMON Limited

Ng Chern Ann

Chairman, Joint Chief Executive Officer and Executive Director

Singapore, 27 November 2020

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. Wong Yu Shan Eugene and Mr. Choy Man.