



CMON Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1792

INTERIM REPORT

2024

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CORPORATION INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Chern Ann
(Chairman and Joint Chief Executive Officer)

Mr. David Doust
(Joint Chief Executive Officer)

Mr. Koh Zheng Kai

Non-executive Directors

Mr. Frederick Chua Oon Kian
Mr. David Preti *(redesignated from an executive Director to a non-executive Director with effect from 13 September 2024)*

Independent Non-executive Directors

Mr. Wong Yu Shan Eugene
Mr. Choy Man
Mr. Leung Yuk Hung Paul

Audit Committee

Mr. Wong Yu Shan Eugene *(Chairman)*
Mr. Choy Man
Mr. Leung Yuk Hung Paul

Remuneration Committee

Mr. Leung Yuk Hung Paul *(Chairman)*
Mr. Wong Yu Shan Eugene
Mr. Choy Man

Nomination Committee

Mr. Choy Man *(Chairman)*
Mr. Wong Yu Shan Eugene
Mr. Leung Yuk Hung Paul

AUTHORISED REPRESENTATIVES

Ms. Ng Sau Mei
Mr. Koh Zheng Kai

COMPANY SECRETARY

Ms. Ng Sau Mei

LEGAL ADVISER

Withers
30/F, United Centre
95 Queensway
Hong Kong
(Solicitors of Hong Kong)

AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
23/F, Tower 2
Enterprise Square Five
Kowloon Bay
Hong Kong

REGISTERED OFFICE

Offices of Conyers Trust Company
(Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

**HEADQUARTERS AND
PRINCIPAL PLACE OF
BUSINESS**

201 Henderson Road #07/08-01
Apex @ Henderson
Singapore 159545

**REGISTERED PLACE OF
BUSINESS IN HONG KONG**

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE IN THE
CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER
OFFICE**

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

Development Bank of Singapore
(DBS Bank)
Marina Bay Financial Centre Branch
12 Marina Boulevard Level 40
Marina Bay Financial Centre Tower 3
Singapore 018982

COMPANY'S WEBSITE

<http://cmon.com>

STOCK CODE

1792

DATE OF LISTING*

2 December 2016

* The Company transferred from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 November 2019.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) 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 2024, together with the comparative figures for the six months ended 30 June 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	US\$	US\$
Revenue	2, 3	15,916,225	21,188,346
Cost of sales	4	(7,464,191)	(11,436,468)
Gross profit		8,452,034	9,751,878
Other income		13,276	20,719
Other gain, net	5	—	3,858
Selling and distribution expenses		(2,129,833)	(3,447,270)
General and administrative expenses		(6,030,124)	(5,747,175)
Operating profit		305,353	582,010
Finance costs		(102,579)	(205,225)
Profit before income tax		202,774	376,785
Income tax expense	6	(28,633)	(87,665)
Profit after income tax	4	174,141	289,120
Other comprehensive loss		—	(2,138)
		174,141	286,982
Total comprehensive income for the period attributable to:			
Owners of the Company		174,141	283,673
Non-controlling interests		—	5,447
		174,141	286,982
Earnings per share attributable to equity holders of the Company during the period	7	0.00009	0.00016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 (Unaudited) US\$	As at 31 December 2023 (Audited) US\$
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	9	19,281,168	18,585,061
Intangible assets	10	7,432,188	8,407,056
Convertible bond loan issued by related party	13	154,000	154,000
Rights-of-use assets		1,341,863	1,341,863
Rental deposits		89,012	89,012
Pledged deposit		199,400	199,400
		28,497,630	28,776,392
Current assets			
Inventories		3,331,946	2,728,897
Trade and other receivables	11	1,968,983	421,509
Prepayments and deposits		3,996,908	2,199,680
Cash and cash equivalents		1,925,054	3,179,243
		11,222,891	8,529,329
Total assets		39,720,522	37,305,721
EQUITY			
Share capital	12	14,048	11,700
Share premium		13,790,465	12,384,133
Retained earnings		5,610,636	5,436,495
Capital reserves		780,499	780,499
Share-based compensation reserves		881,459	881,459
Exchange reserves		(71,328)	(71,328)
Non-controlling interests		(62,141)	(62,141)
Total equity		20,943,638	19,360,817

		As at 30 June 2024 (Unaudited) US\$	As at 31 December 2023 (Audited) US\$
	Notes		
LIABILITIES			
Non-current liabilities			
Bank Borrowings		1,665,557	1,464,341
Deferred income tax liabilities		3,432,704	3,432,704
Lease liabilities		1,040,386	1,040,386
		6,138,646	5,937,431
Current liabilities			
Accruals and other payables		345,962	473,398
Bank borrowings		2,779,896	4,342,313
Amount due to a related party	13	47,310	47,310
Income tax payable		15,463	104,653
Contract liabilities	14	9,062,179	6,652,372
Lease liabilities		387,427	387,427
		12,638,238	12,007,473
Total liabilities		18,776,884	17,944,904
Total equity and liabilities		39,720,522	37,305,721

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share Capital US\$	Share Premium US\$	Retained Earnings US\$	Capital Reserves US\$	Shared-based Compensation Reserves US\$	Exchange Reserves US\$	Non- controlling Interests US\$	Total US\$
At 1 January 2024 (Audited)	11,700	12,384,133	5,436,495	780,499	881,459	(71,328)	(62,141)	19,360,817
Comprehensive income								
Profit for the period (unaudited)	—	—	174,141	—	—	—	—	174,141
Share issuance (unaudited)	2,348	1,406,332	—	—	—	—	—	1,408,680
Other comprehensive loss (unaudited)	—	—	—	—	—	—	—	—
Employee share option granted (unaudited)	—	—	—	—	—	—	—	—
Total comprehensive income	2,348	1,406,332	174,141	—	—	—	—	1,582,821
At 30 June 2024 (Unaudited)	14,048	13,790,465	5,610,636	780,499	881,459	(71,328)	(62,141)	20,943,638
At 1 January 2023 (Audited)	11,700	12,384,133	4,680,547	780,499	881,459	(56,266)	(66,647)	18,615,425
Comprehensive income								
Profit for the period (unaudited)	—	—	283,673	—	—	—	5,447	289,120
Other comprehensive loss (unaudited)	—	—	—	—	—	(2,138)	—	(2,138)
Employee share option granted (unaudited)	—	—	—	—	—	—	—	—
Total comprehensive income/(loss)	—	—	283,673	—	—	(2,138)	5,447	286,982
At 30 June 2023 (Unaudited)	11,700	12,384,133	4,964,220	780,499	881,459	(58,404)	(61,200)	18,902,407

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2024*

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US\$	US\$
Net cash generated from operating activities	2,585,480	4,527,069
Net cash used in investing activities	(2,460,841)	(2,303,936)
Net cash generated from financing activities	(1,378,828)	(2,036,780)
Net (decrease)/increase in cash and cash equivalents	(1,254,189)	186,353
Cash and cash equivalents at beginning of period	3,179,243	3,899,006
Exchange difference	—	(2,138)
Cash and cash equivalents at end of the period	1,925,054	4,083,221

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The preparation of unaudited consolidated results in conformity with International Financial Reporting Standards ("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 2023, 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 2023 which have not come into effect for the financial year beginning 1 January 2024, 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 2024 and 2023, revenue was earned from customers located in the following geographical areas:

	Six months ended 30 June	
	2024 (Unaudited) US\$	2023 (Unaudited) US\$
North America	7,150,338	8,946,154
Europe	4,652,436	7,501,265
Oceania	359,599	552,437
Asia	3,753,852	4,188,491
	15,916,225	21,188,346

3. REVENUE

	Six months ended 30 June 2024 (Unaudited) US\$	2023 (Unaudited) US\$
Sales of products	13,917,637	20,083,473
Shipping income in connection with sales of products	1,998,588	1,104,873
	15,916,225	21,188,346

4. PROFIT FOR THE PERIOD

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

	Six months ended 30 June 2024 (Unaudited) US\$	2023 (Unaudited) US\$
Cost of inventories	4,752,893	8,208,838
Games development expenses	3,176,772	2,812,818
Merchant account fees	61,095	803,682
Depreciation	1,762,073	1,514,974
Amortisation	977,530	884,911
Convention expenses	16,598	136,281

5. OTHER GAIN, NET

	Six months ended 30 June 2024 (Unaudited) US\$	2023 (Unaudited) US\$
Exchange gain	—	3,858
	—	3,858

6. INCOME TAX EXPENSE

	Six months ended 30 June 2024 (Unaudited) US\$	2023 (Unaudited) US\$
Current income tax expense	28,633	87,665
Deferred tax expenses	—	—
	28,633	87,665

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

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and Regulation on Implementation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for the six months ended 30 June 2024.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit 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	
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (US\$)	174,141	286,982
Weighted average number of ordinary shares in issue	2,167,200,000	1,806,000,000
Basic earnings per share (US\$)	0.00009	0.00016

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

8. INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment amounting to approximately US\$2.4 million (for the six months ended 30 June 2023: approximately US\$2.0 million).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group spent approximately US\$0.1 million on acquisition of intangible assets (for the six months ended 30 June 2023: approximately US\$0.8 million).

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 (Unaudited) US\$	As at 31 December 2023 (Audited) US\$
Trade receivables	507,498	375,608
Less: Provision for loss allowance	—	—
	507,498	375,608
Other receivables	1,461,485	45,901
	1,968,983	421,509

During the six months ended 30 June 2024 and the year ended 31 December 2023, the Group granted credit terms of 0 to 30 days and 0 to 60 days to its customers, respectively.

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade receivables by the date on which the respective sales invoices were issued is as follows:

	As at 30 June 2024 (Unaudited) US\$	As at 31 December 2023 (Audited) US\$
Less than 30 days	166,550	20,246
30 days to 90 days	340,948	355,362
91 days to 180 days	—	—
181 days to 365 days	—	—
Over 365 days	—	—
	507,498	375,608

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of the Company	Share capital US\$	Share premium US\$
Authorised:			
Ordinary share capital of HK\$0.00005 each on 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	7,600,000,000	49,147	—
Issued and fully paid:			
At 1 January 2023, 31 December 2023 and 1 January 2024	1,806,000,000	11,700	12,384,133
Issued Subscription Shares	361,200,000	2,348	1,406,332
As at 30 June 2024	2,167,200,000	14,048	13,790,465

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. In addition to those related party transactions and balance disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period.

(a) Balances with related parties

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

Name	Relationship with the Group
CMON Holdings Limited	Ultimate holding company
Monsoon Digital Limited	Related company

As at 30 June 2024, the amount due to the ultimate holding company was unsecured, interest-free, denominated in US\$ and repayable on demand. The related company issued a convertible bond for a loan of US\$280,000 and at an interest rate of 2% per annum.

(b) Key management compensation

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US\$	US\$
Wages and salaries	462,551	560,111
Directors' fees	72,000	72,000
Pension costs — defined contribution plans	128,000	145,250
	662,551	777,361

14. CONTRACT LIABILITIES**Disclosures of revenue-related items:**

	As at	As at
	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	US\$	US\$
Contract liabilities	9,062,179	6,652,372

Significant changes in contract liabilities during the period:

	As at	As at
	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	US\$	US\$
Increase due to operations during the period	12,378,395	24,066,195
Transfer of contract liabilities to revenue	(9,968,588)	(25,674,766)

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 game conventions, both online and physical, held two to three times a year.

As at the date of this interim report, we offer a total of 128 games, comprising 122 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.

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 2024, we launched four crowd funding games. 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.

Financial Review

Revenue

Revenue decreased by approximately 24.9% from approximately US\$21.2 million for the six months ended 30 June 2023 to approximately US\$15.9 million for the six months ended 30 June 2024, mainly due to the decrease in recognition of wholesales.

The following tables sets out breakdown of our revenue by sales channels:

	Six months ended 30 June			
	2024		2023	
	(Unaudited)		(Unaudited)	
	US\$	%	US\$	%
Direct				
Kickstarter	9,968,588	62.6	11,048,735	52.1
Online store and game conventions	38,388	0.2	448,539	2.1
Mobile games	—	—	743	—
Wholesalers	5,909,249	37.2	9,690,329	45.8
Total	15,916,225	100.0	21,188,346	100.0

Cost of Sales

Cost of sales decreased by approximately 34.7% from approximately US\$11.4 million for the six months ended 30 June 2023 to approximately US\$7.5 million for the six months ended 30 June 2024. Such decrease was mainly due to the decrease in sales. Cost of inventory decreased by approximately 42.1% from approximately US\$8.2 million for the six months ended 30 June 2023 to approximately US\$4.8 million for the six months ended 30 June 2024.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately 13.3% from approximately US\$9.8 million for the six months ended 30 June 2023 to approximately US\$8.5 million for the six months ended 30 June 2024, mainly due to the decrease in wholesales. Gross profit margin increased from approximately 46.0% for the six months ended 30 June 2023 to approximately 53.1% for the six months ended 30 June 2024.

Other Income

Other income amounted to US\$20,719 and US\$13,276 for the six months ended 30 June 2023 and 2024, respectively, and the decrease was mainly due to the decrease in royalty income.

Selling and Distribution Expenses

Selling and distribution expenses amounted to approximately US\$3.4 million and approximately US\$2.1 million for the six months ended 30 June 2023 and 2024, respectively. This was mainly due to the decrease in merchant account fees.

General and Administrative Expenses

General and administrative expenses increased from approximately US\$5.7 million for the six months ended 30 June 2023 to approximately US\$6.0 million for the six months ended 30 June 2024, mainly due to the increase in game development expenses.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2024, we financed our operations mainly through cash generated from our internally generated funds and external borrowings.

As at 30 June 2024, the Group's total bank borrowings were approximately US\$4.4 million (31 December 2023: approximately US\$5.8 million), of which (i) approximately US\$1.7 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; (ii) approximately US\$1.0 million were denominated in Singapore dollars, with a tenor of 4 years and interests charged at floating rates; and (iii) approximately US\$1.3 million were denominated in United States dollars, with a tenor of 120 days to 4 years and interests charged at floating rates. Bank borrowings of approximately US\$1.2 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 2024, the Group's borrowings were repayable as follows:

	As at 30 June 2024 (Unaudited) US\$	As at 31 December 2023 (Audited) US\$
Within 1 year	2,779,896	4,342,313
Between 1 and 2 years	479,968	421,983
Between 2 and 5 years	316,157	277,962
Over 5 years	869,432	764,396
Total	4,445,453	5,806,654

As at 30 June 2024 and 31 December 2023, we had total cash and cash equivalents and pledged deposit of approximately US\$2.1 million and approximately US\$3.4 million, respectively, which were cash at banks and on hand, denominated in United States dollars, Singapore dollars, Chinese renminbi 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.

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 the wholesalers. The Group performs periodic credit evaluation on the wholesalers and will adjust the credit extended to the wholesalers accordingly. Normally the Group does not require collaterals from trade debtors. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade receivables based on historical payment records, the length of the overdue period, the financial strength of the trade debtors and whether there are any disputes with the relevant debtors.

CAPITAL STRUCTURE

As at 30 June 2024, 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2024, the Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

INFORMATION ON EMPLOYEES

As at 30 June 2024, the Group had 81 employees (30 June 2023: 83). 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 2024 amounted to approximately US\$1.6 million (for the six months ended 30 June 2023: approximately US\$2.3 million).

CHARGES ON ASSETS

As at 30 June 2024, properties with net book value of approximately US\$1.6 million were charged as collateral for bank borrowings.

FUTURE PLAN FOR MATERIAL INVESTMENTS

As at the date of this interim report, the Group does not have concrete plans for material investments. However, we intend to increase our market share by adding more high-quality games into our portfolio through licensing or acquisition of smaller titles. We also intend to work with more game developers, publishers and Asian-based distributors which may become future acquisition targets. We intend to finance our expansion plans mainly through internally generated funds and external borrowings.

GEARING RATIO

As at 30 June 2024, the Group had short-term and long-term bank borrowings of approximately US\$2.8 million and approximately US\$1.7 million, respectively (31 December 2023: approximately US\$4.3 million and approximately US\$1.5 million, respectively).

As at 30 June 2024, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 49.0% (31 December 2023: approximately 48.1%).

EXPOSURE TO FOREIGN EXCHANGE

The Group operates mainly out of Singapore and China, while its main customer base is located in the United States. As such, most of the Group's transactions are denominated in United States 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 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

EVENTS OCCURRED AFTER 30 JUNE 2024

There was no significant event after 30 June 2024 that required to be disclosed.

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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. Save as disclosed in this interim report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the six months ended 30 June 2024. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.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 to review the operation of the Group led by Mr. Ng. Accordingly, the Board believes that this arrangement will not impact the balance of power and authorisations between the Board and the management of the Company. 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 Model Code by Directors in Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 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 2024.

Subscription of New Shares under General Mandate

Reference is made to the announcement of the Company dated 13 April 2024 (the “**Announcement**”). Unless otherwise stated, capitalised terms in this interim report shall have the same meanings as defined in the Announcement.

On 13 April 2024, the Company entered into Subscription Agreement A with Subscriber A, pursuant to which Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 180,600,000 Subscription Shares (“**Subscription Shares A**”) at the Subscription Price of HK\$0.030 per Subscription Share.

Subscription Shares A represent approximately 10% of the existing issued share capital of the Company as at the date of the Announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the Subscription Shares.

On the same date, the Company entered into Subscription Agreement B with Subscriber B, pursuant to which Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 180,600,000 Subscription Shares (“**Subscription Shares B**”) at the Subscription Price of HK\$0.030 per Subscription Share.

Subscription Shares B represent approximately 10% of the existing issued share capital of the Company as at the date of the Announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the Subscription Shares.

On 6 May 2024, the Subscription Shares were issued under the General Mandate and ranked *pari passu* in all respects among themselves and with the existing Shares.

The Subscription Price of HK\$0.030 per Subscription Share represents (i) a discount of approximately 11.76% to the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on 12 April 2024, being the latest trading day immediately before the date of the Subscription Agreements; and (ii) a discount of approximately 3.85% to the average closing price of approximately HK\$0.0312 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 12 April 2024, being the trading day immediately preceding the date of the Subscription Agreements.

The aggregate gross proceeds of the Subscriptions should be approximately HK\$10.8 million and the aggregate net proceeds of the Subscription, after the deduction of the related expenses, should be approximately HK\$10.4 million. As of June 30, 2024, the Company had not utilized any net proceeds. The Company intended to use the net proceeds from the Subscriptions for its general working capital. The Company intends to fully utilize the net proceeds by the end of 2025.

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. Choy Man and Mr. Leung Yuk Hung Paul. 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 report of the Group for the six months ended 30 June 2024, recommending their adoption by the Board.

Changes to Directors’ Information

As disclosed in the announcement of the Company dated 13 September 2024, Mr. David Preti has been redesignated from an executive Director to a non-executive Director with effect from 13 September 2024 and has served a notice to resign as the chief operating officer of the Company with effect from 9 March 2025. Mr. David Preti is currently serving his notice period as required under his employment contract and therefore Mr. David Preti will officially resign and will not hold the title of “chief operating officer” with effect from 9 March 2025. The duties and responsibilities of Mr. David Preti are taken over by Mr. Ng and Mr. Doust and Mr. David Preti is longer involved in the daily operation and management of the Company with effect from 13 September 2024.

Save as disclosed in this interim report, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares, if any).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Name	Capacity/Nature of Interest	Number of Underlying Shares (Unlisted and Physically Settled Equity Derivative) Interested ⁽⁵⁾	Total Number of Shares and Underlying Shares Interested	Long/ Short Position	Approximate Percentage of Shareholding in the Company (%)
Ng Chern Ann ⁽¹⁾ ("Mr. Ng")	Interest in controlled corporation/ beneficial owner	15,500,000	450,624,039	Long	20.79
David Preti ⁽²⁾ ("Mr. Preti")	Interest in controlled corporation/ beneficial owner	15,500,000	297,212,691	Long	13.71
David Doust ⁽³⁾ ("Mr. Doust")	Interest in controlled corporation/ beneficial owner	15,500,000	276,574,424	Long	12.76
Frederick Chua Oon Kian ⁽⁴⁾ ("Mr. Chua")	Interest in controlled corporation/ beneficial owner	5,580,000	243,339,232	Long	11.23
Koh Zheng Kai	Beneficial Owner	5,800,000	5,800,000	Long	0.27

Notes:

- (1) The issued share capital of Cangsome Limited ("**CA SPV**") is wholly-owned by Mr. Ng, an executive Director and the sole director of CA SPV. As at 30 June 2024, CA SPV was beneficially interested in 435,124,039 shares of the Company (the "**Shares**") whereas Mr. Ng was beneficially interested in 15,500,000 share options of the Company (the "**Share Options**").
- (2) The issued share capital of Magumaki Limited ("**DP SPV**") is wholly-owned by Mr. Preti, a non-executive Director and the chief operating officer of the Company. As at 30 June 2024, DP SPV was beneficially interested in 107,663,076 Shares, representing approximately 4.97% of issued share capital of the Company, and Mr. Preti was deemed to be interested in the Shares held by DP SPV by virtue of the SFO. As at 30 June 2024, Mr. Preti was also beneficially interested in 174,049,615 Shares and 15,500,000 Share Options.
- (3) The issued share capital of Dakkon Holdings Limited ("**DD SPV**") is wholly-owned by Mr. Doust, an executive Director and the sole director of DD SPV. As at 30 June 2024, DD SPV was beneficially interested in 261,074,424 Shares whereas Mr. Doust was beneficially interested in 15,500,000 Share Options.
- (4) Magic Carpet Pre-IPO Fund ("**Magic Carpet**") 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 and the preference shares in the capital of Magic Carpet 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 and is beneficially interested in 5,580,000 Share Options.
- (5) The interests in the underlying Shares represent interests in the Share Options granted to the respective Directors to subscribe for Shares.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of Interest	Total Number of Shares Interested	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
CA SPV ⁽¹⁾	Beneficial owner	435,124,039	Long	20.08
DD SPV ⁽²⁾	Beneficial owner	261,074,424	Long	12.05
Quantum Asset ⁽³⁾	Interest in controlled corporation	237,759,232	Long	10.97
Magic Carpet ⁽³⁾	Beneficial owner	237,759,232	Long	10.97
Mr. Chen Fen ⁽⁴⁾	Interest in controlled corporation	180,600,000	Long	8.33
Drum Group Limited ⁽⁴⁾	Beneficial owner	180,600,000	Long	8.33
Mr. Chen Song ⁽⁵⁾	Interest in controlled corporation	180,600,000	Long	8.33
Mana Pool Investments Limited ⁽⁵⁾	Beneficial owner	180,600,000	Long	8.33

Notes:

- (1) The issued share capital of CA SPV is wholly-owned by Mr. Ng, an executive Director and the sole director of CA SPV. As at 30 June 2024, CA SPV was beneficially interested in 435,124,039 Shares whereas Mr. Ng was beneficially interested in 15,500,000 Share Options.

- (2) The issued share capital of DD SPV is wholly-owned by Mr. Doust, an executive Director and the sole director of DD SPV. As at 30 June 2024, DD SPV was beneficially interested in 261,074,424 Shares whereas Mr. Doust was beneficially interested in 15,500,000 Share Options.
- (3) Magic Carpet is a private equity investment fund managed by Quantum Asset on a discretionary basis. Quantum Asset holds the only issued ordinary share of Magic Carpet and the preference shares in the capital of Magic Carpet 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 and is beneficially interested in 5,580,000 Share Options.
- (4) The issued share capital of Drum Group Limited is wholly-owned by Mr. Chen Fen and therefore, Mr. Chen Fen is deemed to be interested in the 180,600,000 Shares held by Drum Group Limited by virtue of the SFO.
- (5) The issued share capital of Mana Pool Investments Limited is wholly-owned by Mr. Chen Song and therefore, Mr. Chen Song is deemed to be interested in the 180,600,000 Shares held by Mana Pool Investments Limited by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

In order to incentivise and/or to recognise and acknowledge the contributions that eligible persons have made or may make to our Group, the Company adopted the share option scheme pursuant to written resolutions of the Shareholders passed on 17 November 2016 (the “**Share Option Scheme**”).

- (i) The participants can be any employee (whether full time or part-time employee) of the Group including any executive Directors, non-executive Directors and independent non-executive Directors, advisors and consultants of the Group.
- (ii) The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 180,600,000 Shares, representing 8.33% of the total number of Shares in issue as at the date of this interim report.

- (iii) No option shall be granted to any eligible person under the Share Option Scheme if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue unless such further grant has been separately approved by Shareholders in general meeting in accordance with the Listing Rules and with such grantee and his close associates (or associates if he is a connected person) abstained from voting.
- (iv) An offer of grant of an option shall remain open for acceptance by an eligible person for a period of not less than 21 days from the date on which the offer was issued or the date on which the conditions (if any) for the offer are satisfied, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme.
- (v) A consideration of HK\$1.00 is payable to the Company by the eligible person for each acceptance of grant of option(s) and such consideration is not refundable.
- (vi) The exercise price in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board and notified to an eligible person, and shall be at least the highest of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (2) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (3) the nominal value of a Share on the date of grant.
- (vii) The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, subject to early termination by the Company in general meeting or by the Board, and the remaining life of this scheme is around 2 years and 2 months.

On 13 August 2018, a total of 74,620,000 Share Options were granted to certain Directors and employees of the Company under the Share Option Scheme with an exercise price of HK\$0.232 per Share. The closing price of the Shares immediately before the date of grant was HK\$0.229.

Particulars of the Share Options under the Share Option Scheme and their movements during the six months ended 30 June 2024 are set out below:

				Number of Shares issuable under the Share Options				
Grantees	Date of grant (dd/mm/yyyy)	Exercise price per Share (HK\$)	Exercise period (dd/mm/yyyy)	As at	Granted	Exercised	Forfeited	As at
				1 January 2024	during the period	during the period	during the period	30 June 2024
Directors								
Ng Chern Ann	13/08/2018	0.232	13/08/2018–12/08/2028 (Note 1)	15,500,000	—	—	—	15,500,000
David Doust	13/08/2018	0.232	13/08/2018–12/08/2028 (Note 1)	15,500,000	—	—	—	15,500,000
David Preti	13/08/2018	0.232	13/08/2018–12/08/2028 (Note 1)	15,500,000	—	—	—	15,500,000
Koh Zheng Kai	13/08/2018	0.232	13/08/2018–12/08/2028 (Note 1)	5,800,000	—	—	—	5,800,000
Frederick Chua Oon Kian	13/08/2018	0.232	13/08/2018–12/08/2028 (Note 2)	5,580,000	—	—	—	5,580,000
Grand Total:				57,880,000	—	—	—	57,880,000

Notes:

- These Share Options granted under the Share Option Scheme on 13 August 2018 are subject to the following vesting schedules:
 - Up to 33% of the Share Options shall be vested to the grantees after expiration of 12 months from the date of grant (i.e. 13 August 2019);
 - Up to 33% of the Share Options shall be vested to the grantees after expiration of 24 months from the date of grant (i.e. 13 August 2020); and
 - Up to 34% of the Share Options shall be vested to the grantees after expiration of 36 months from the date of grant (i.e. 13 August 2021).
- These Share Options granted under the Share Option Scheme on 13 August 2018 are subject to the following vesting schedules:
 - Up to 50% of the Share Options shall be vested to the grantees after expiration of 12 months from the date of grant (i.e. 13 August 2019); and
 - Up to 50% of the Share Options shall be vested to the grantees after expiration of 24 months from the date of grant (i.e. 13 August 2020).

As of 30 June 2024, no Share Options have been exercised, cancelled or lapsed. Therefore, a total of 146,860,000 Shares, representing 6.78% of the issued share capital of the Company as at the date of this interim report, 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 total number of Share Options available for grant under the scheme mandate of the Share Option Scheme at the beginning and the end of the financial period are both 88,980,000.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the financial period divided by the weighted average number of the Shares (excluding treasury Shares) in issue during the financial period was approximately 2.67%.

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Directors' and Controlling Shareholders' Interests in Competing Business

During the six months ended 30 June 2024, 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.

On behalf of the Board

CMON Limited

Ng Chern Ann

*Chairman, Joint Chief Executive Officer
and Executive Director*

Singapore, 29 August 2024