CMON Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1792

ANNUAL REPORT

2019

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CORPORATE 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 Director

Mr. Frederick Chua Oon Kian

Independent Non-executive Directors

Mr. Chong Pheng
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*
Mr. Wong Yu Shan Eugene *(appointed on 6 May 2020)*
Mr. Choy Man *(appointed on 15 June 2020)*

Audit Committee

Mr. Wong Yu Shan Eugene
(Chairman; appointed on 6 May 2020)
Mr. Tan Lip-Keat
(ex-Chairman; resigned on 3 April 2020)
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*
Mr. Chong Pheng
Mr. Choy Man *(appointed on 15 June 2020)*

Remuneration Committee

Mr. Chong Pheng *(Chairman)*
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*
Mr. Wong Yu Shan Eugene *(appointed on 6 May 2020)*
Mr. Choy Man *(appointed on 15 June 2020)*

Nomination Committee

Mr. Choy Man
(Chairman; appointed on 15 June 2020)
Mr. Seow Chow Loong Iain
(ex-Chairman; resigned on 2 April 2020)
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*
Mr. Chong Pheng
Mr. Wong Yu Shan Eugene *(appointed on 6 May 2020)*

AUTHORISED REPRESENTATIVES

Ms. Ng Sau Mei
Mr. Koh Zheng Kai

COMPANY SECRETARY

Ms. Ng Sau Mei
Mr. Koh Zheng Kai
(resigned as joint company secretary on 23 December 2019)

LEGAL ADVISER

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

AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Unit 701, 7/F, Citicorp Centre
18 Whitfield Road, Causeway 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
Level 54, Hopewell Centre
183 Queen's Road East
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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of CMON Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019.

2019 was a year of consolidation, as the Group started the process of streamlining our global business, through the restructuring of both our Chinese and North American operations, with a focus on improving cash flow. At the same time, we landed a number of major licensing deals, one of which you can see in our 2020 product launches, the highly anticipated and well received title *Marvel United*. While this represents a key diversification of our product strategy, we remain committed to our strong internally developed titles, such as *Ankh*, which raised over US$3.3 million from more than 23,000 backers in early 2020. We have continued to focus our efforts and resources on developing high quality and immersive games, securing licensing deals and strengthening our sales and marketing efforts to end users and gamers, with an added focus in the Chinese and Southeast Asian markets, as demonstrated by a successful CMON Expo held in Thailand in November 2019. Our diversification into tabletop games centred around popular comics has also been warmly received by our customers, and we expect to further explore this method of generating more core intellectual property.

Our revenue in 2019 was approximately US$30.5 million, increasing from approximately US$28.2 million in 2018. EBITDA excluding expenses associated with the Transfer of Listing for 2019 was approximately US$6.7 million, which did not fluctuate much from 2018, largely due to increase in game development expenses in 2019.

Looking forward, due to the COVID-19 pandemic, we have seen a major seismic shift in the way the industry is promoted and marketed. Tabletop games as a whole have had strong sales despite the cancellation of almost all major conventions and events, which should result in significant savings for CMON going forward. Despite the pandemic, our team continues to work hard to deliver attractive games for end users and gamers across the world.

We are looking forward to making more great games, and thank you for taking the time to catch up on our progress!

Best regards,
Ng Chern Ann
Chairman, Joint Chief Executive Officer and Executive Director
CMON Limited

27 November 2020

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 game conventions, both online and physical (where possible), held two to three times a year.

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

For the financial year under review, our revenue was approximately US$30.5 million, increasing from approximately US$28.2 million for the previous financial year. Loss attributable to shareholders for the financial year under review was approximately US$0.8 million compared with earnings of approximately US$2.0 million for the previous financial year. This was mainly due to US$2.7 million of non-recurring professional service fees in respect of transfer of listing status from GEM to Main Board (the "**Transfer of Listing**") incurred for the financial year under review compared to US$0.9 million incurred for the previous financial year.

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, with plans for our wholly owned Chinese subsidiary to start a combined office and warehouse and also increase headcount in China in 2020, 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 is optimistic about the growth and development of the tabletop games industry. During the year ended 31 December 2019, we launched six Kickstarter games, namely *Munchkin Dungeon, Bloodborne, Trudvang Legends, Time Machine, Zombicide: 2nd Edition* and *Night of the Living Dead: A Zombicide Game*, and raised approximately US$0.7 million, US$4.0 million, US$1.5 million, US$0.3 million, US$3.4 million and US$0.4 million, respectively. In 2020, we planned to launch and have successfully launched 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, especially games based on existing IPs with a strong following, for example, games based on popular Hollywood movies or comic books. In 2020, we launched three such games via Kickstarter, namely *Marvel United, Ankh: Gods of Egypt* and *CMON Comics: Vol. 1*. 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 line with our Asian focus, in 2020, we planned to hold and have held at least three online game conventions specifically for the Asian market and we have also held events coinciding with popular sales events such as the Double Eleven event.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately 8.0% from approximately US$28.2 million for the year ended 31 December 2018 to approximately US$30.5 million for the year ended 31 December 2019, primarily due to the increase in revenue from board games. Revenue from board games increased by approximately 18.6% from approximately US$23.3 million for the year ended 31 December 2018 to approximately US$27.6 million for the year ended 31 December 2019, which was mainly due to the increase in the recognition of board game sales via wholesalers and Kickstarter for the year ended 31 December 2019. During the year ended 31 December 2018, we recognised revenue from board games such as, but not limited to, *Cthulhu: Death May Die, HATE, Starcadia Quest* and *Zombicide: Invader*. During the year ended 31 December 2019, we recognized revenue from board games such as, but not limited to, *Munchkin Dungeon, Blood Rage Digital, Project Elite* and *Time Machine*.

In terms of sales channels, revenue via Kickstarter increased from approximately US$15.2 million for the year ended 31 December 2018 to approximately US$16.8 million for the year ended 31 December 2019, which was mainly due to the increase in recognition of sales from 4 Kickstarter games in 2019 compared to 4 Kickstarter games in 2018.

North America and Europe remained as our major markets, with North American and European sales making up approximately 87.5% and 92.8% of our total revenue combined for the years ended 31 December 2019 and 2018 respectively.

The following tables set out breakdowns of our revenue by categories, by sales channels and by geographical markets in absolute amounts and as percentages of our revenue for the years indicated:

By categories

	Year ended 31 December			
	2019		2018	
	US$	%	US$	%
Board games	27,583,763	90.6	23,261,711	82.5
Miniatures war games	2,142,132	7.0	4,583,409	16.2
Mobile games	1,669	—	4,007	—
Sub-total	29,727,564	97.6	27,849,127	98.7
Other products	732,739	2.4	358,284	1.3
Total	30,460,303	100	28,207,411	100

By sales channels

	Year ended 31 December			
	2019		2018	
	US$	%	US$	%
Direct				
Kickstarter	16,780,577	55.1	15,237,000	54.0
Online store and game conventions	245,348	0.8	1,235,755	4.4
Mobile games	1,668	—	4,007	—
Wholesales	13,432,710	44.1	11,730,649	41.6
Total	30,460,303	100	28,207,411	100

By geographical markets

	Year ended 31 December			
	2019		2018	
	US$	**%**	US$	%
North America	**17,550,210**	**57.6**	21,638,549	76.7
Europe	**9,097,287**	**29.9**	4,553,980	16.1
Asia	**2,127,889**	**7.0**	1,542,619	5.5
Oceania	**765,479**	**2.5**	416,832	1.5
South America	**908,058**	**3.0**	37,231	0.1
Africa	**11,380**	**—**	18,200	0.1
Total	**30,460,303**	**100**	28,207,411	100

COST OF SALES

Our cost of sales increased by approximately 18.3% from approximately US$13.4 million for year ended 31 December 2018 to approximately US$15.9 million for the year ended 31 December 2019.

The increase was primarily due to the increase in cost of inventories by approximately 38.9% from approximately US$7.6 million for the year ended 31 December 2018 to approximately US$10.5 million for the year ended 31 December 2019. Depreciation and amortization increased by approximately 18.1% from approximately US$2.2 million for the year ended 31 December 2018 to approximately US$2.6 million for the year ended 31 December 2019.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit decreased by approximately 1.3% from approximately US$14.8 million for the year ended 31 December 2018 to approximately US$14.6 million for the year ended 31 December 2019 mainly due to the increase in cost of inventories.

Our gross profit margin decreased by approximately 4.5 percentage points from approximately 52.5% for the year ended 31 December 2018 to approximately 48% for the year ended 31 December 2019 mainly because we sold old inventories in the USA at lower margins.

OTHER INCOME

Other income increased from US$80,232 for the year ended 31 December 2018 to US$198,226 for the year ended 31 December 2019, which was mainly due to increase in royalty income received.

EXCHANGE GAIN/LOSSES

We recorded an exchange gain of US$4,562 for the year ended 31 December 2018 as compared to an exchange loss of US$53,416 for the year ended 31 December 2019, which resulted from the translation of loan repayments denominated in Singapore dollars, as the US dollar strengthened against the Singapore dollar in 2019.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses increased from approximately US$5.7 million for the year ended 31 December 2018 to approximately US$5.9 million for the year ended 31 December 2019. This was primarily caused by an increase in royalty expenses of US$300,737 from US$423,129 for the year ended 31 December 2018 to US$723,866 for the year ended 31 December 2019 mainly due to the increase in revenue from licensed games.

GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses increased from approximately US$5.6 million for the year ended 31 December 2018 to approximately US$6.1 million for the year ended 31 December 2019. The increase was primarily caused by (i) an increase in the professional service fees incurred for the Transfer of Listing, from US$949,756 for the year ended 31 December 2018 to approximately US$2.7 million for the year ended 31 December 2019, and (ii) an increase in games development expenses from US$911,523 for the year ended 31 December 2018 to approximately US$1.2 million for the year ended 31 December 2019.

FINANCE COSTS

Finance costs increased from US$229,650 for the year ended 31 December 2018 to US$483,370 for the year ended 31 December 2019. This was primarily caused by increased finance cost from bank borrowings used to finance operations during the year ended 31 December 2019 plus nominal finance cost for operating leases (in lieu of rent) incurred due to first adoption of IFRS 16.

INCOME TAX EXPENSE

The income tax expense decreased by approximately 19.2% from US$258,685 for the year ended 31 December 2018 to US$208,902 for the year ended 31 December 2019, mainly due to the decrease in profit before income tax.

LOSS/PROFIT AND TOTAL COMPREHENSIVE LOSS/INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Loss/profit and total comprehensive loss/income for the year attributable to equity holders of the Company decreased from a profit of approximately US$2 million for the year ended 31 December 2018 to a loss of approximately US$0.8 million for the year ended 31 December 2019 mainly because of the increase in professional service fees incurred for the Transfer of Listing (as mentioned above). Without taking into account such non-recurring professional fees, profit and total comprehensive income for the year attributable to equity holders of the Company for the year ended 31 December 2019 was approximately US$1.88 million.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2019, we financed our operations primarily through cash generated from our internally generated funds and bank borrowings. As at 31 December 2018 and 2019, the Group had cash and cash equivalents of approximately US$2.8 million and US$757,743, respectively, which were cash at banks and on hand, denominated in United States dollars, Singapore dollars, Chinese renminbi and Hong Kong dollars.

The short-term bank borrowings of the Group increased from approximately US$3.9 million as at 31 December 2018 to approximately US$6.6 million as at 31 December 2019. The increase of short-term borrowings was primarily due to an increased in short-term financing from a threshold of US$2.5 million for the year ended 31 December 2018 to a threshold of US$4 million for the year ended 31 December 2019. In 2020, we replaced this US$4 million of short term financing with a more affordable term loan. The long-term borrowing of the Group decreased from approximately US$4.4 million as at 31 December 2018 to approximately US$3.7 million as at 31 December 2019.

The long-term bank borrowings as at 31 December 2018 and 31 December 2019 were secured on the property located at 201 Henderson Road #07/08-01, Apex @ Henderson, Singapore 159545 (the "**Headquarters**") and the property located at 201 Henderson Road #09-23/24, Apex @ Henderson, Singapore 159545 (the "**Property**"), a corporate guarantee from the Company and a charge over all fixed deposits placed with the relevant bank. As at 31 December 2019, the Group's total bank borrowings of approximately US$10.3 million consisted of:

(i) approximately US$3.1 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 the subsequent years. On 20 November 2019, the Company has revised the terms of its bank borrowing — with respect to Term Loan II, amounting US$1,642,010, with effect from 1 December 2019, the interest rate has been fixed at 2.35% for the subsequent two years and at prevailing Enterprise Financing Rate for the remaining tenures; and

(ii) approximately US$7.2 million which were denominated in United States dollars, with a tenor of 60 days to 8 years and interests charged at floating rates.

As at 31 December 2019, the Group's borrowings were repayable as follows:

	2019 US$	2018 US$
Within 1 year	6,634,444	3,864,897
Between 1 and 2 years	713,275	579,200
Between 2 and 5 years	768,021	1,017,223
Over 5 years	2,234,924	2,811,934
	10,350,664	8,273,254

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

TREASURY POLICIES

The proceeds from our sales made through Kickstarter are generally received prior to product delivery, and therefore, we are not exposed to significant credit risk. Our trade receivables are primarily related to sales to wholesalers. We have policies in place to assess and monitor the creditworthiness of our wholesalers. We perform periodic credit evaluation of our wholesalers and will adjust the credit extended to the wholesalers accordingly. Normally we do not require collaterals from trade debtors. Management makes a periodic collective assessment as well as an 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 debtors in relation to the relevant receivables.

CAPITAL STRUCTURE

During the year ended 31 December 2019, our 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 FINANCIAL PERFORMANCE

During the year ended 31 December 2019, Kickstarter projects shipped by the Group contributed approximately US$5.5 million (2018: approximately US$3.4 million) to the Group's revenue.

During the year ended 31 December 2019, Kickstarter projects which were successfully launched, but not shipped amounted to approximately US$13.7 million (2018: approximately US$11.8 million). The shipments of these projects are expected to take place in the second half of 2020.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2019, the Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

INFORMATION ON EMPLOYEES

As of 31 December 2019, the Group had 49 employees (31 December 2018: 51). 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 the individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident fund contributions) for the year ended 31 December 2019 amounted to approximately US$3.4 million (2018: approximately US$3.4 million).

CHARGES ON ASSETS

As at 31 December 2019, the Headquarters and the Property with a total net book value of approximately US$4.4 million and pledged deposit of US$207,622 were charged as collateral for the Group's bank borrowings (31 December 2018: approximately US$4.5 million and US$200,000, respectively).

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

GEARING RATIO

As at 31 December 2019, the Group had short-term and long-term bank borrowings of approximately US$6.6 million (31 December 2018: approximately US$3.9 million) and approximately US$3.7 million (31 December 2018: approximately US$4.4 million), respectively.

As at 31 December 2019, the gearing ratio of the Group, calculated as total liabilities divided by total assets was approximately 44% (31 December 2018: approximately 40.9%).

EXPOSURE TO FOREIGN EXCHANGE

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

CONTINGENT LIABILITIES

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

COMMITMENTS

Other than operating lease commitments for its leased properties, the Group had no other capital and lease commitments as at 31 December 2018 and 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are of the view that the Group is exposed to the following key risks and uncertainties:

(i) Outsourced manufacturers

The Group relies on a limited number of outsourced manufacturers for the production of tabletop games. To manage this risk, the Group has a practice of maintaining a good working relationship with the outsourced manufacturers by, amongst others, creating goodwill and honouring payments. Besides, the Group will explore and develop business relationship with other suitable outsourced manufacturers and suppliers as part of the contingency planning.

(ii) Loss of key personnel

The Group relies to a significant extent on the executive Directors and certain key senior management. In view of this, we provide a remuneration package that rewards their performance and ties to the Group's results in order to retain our employees. Besides, the Group has implemented controls to minimise the potential loss of key personnel, such as ensuring the executive Directors and certain key senior management do not take the same flight in their air travels. The Group is also developing and training potential new management members.

(iii) Kickstarter

During the year ended 31 December 2019, most of the Group's bestselling tabletop games were launched on Kickstarter. To manage this risk, the Group has identified alternative internet crowd funding platforms for game launching in the event the Group is unable to continue launching games on Kickstarter. Besides, the Group is enhancing its in-house capability to launch tabletop games on its own website if required.

COMPARISON BETWEEN EXPECTED IMPLEMENTATION PLANS WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the implementation plans as set out in the Prospectus with the Group's actual business progress for the period from 15 November 2016, being the latest practicable date as defined in the Prospectus, to 31 December 2019 is set out below:

Strategy	Business objectives for the period from 15 November 2016 to 31 December 2019	Actual business progress for the period from 15 November 2016 to 31 December 2019
Achieve organic growth by developing more high-quality games	• Develop, launch and deliver the games as set out in the paragraph headed "Business — Game Pipeline" in the Prospectus (the "**Game Pipeline**") and fulfil the outstanding Kickstarter projects which products have not yet been shipped as at 15 November 2016 (the "**Outstanding Kickstarter Projects**") • Develop, launch and deliver at least four new games • Maintain two newly hired in-house game developers	• Continued to develop the games as set out in the Game Pipeline, save for nine delayed or cancelled pipeline games due to less than ideal expected market reaction and demand on the products • Shipped all the Outstanding Kickstarter Projects namely *Project: Elite* and *Blood Rage Digital* • Launched and shipped thirteen Kickstarter projects namely *A Song of Ice & Fire: Tabletop Miniatures Game, Arcadia Quest: Riders, Cthulhu: Death May Die, HATE, Rising Sun, Starcadia Quest, The World of SMOG: Rise of Moloch, Zombicide: Green Horde, Zombicide: Invader, Project: Elite, Blood Rage Digital, Munchkin Dungeon* and *Time Machine* • Launched 4 Kickstarter projects namely *Bloodborne, Trudvang Legends, Zombicide: 2nd Edition* and *Night of the Living Dead: A Zombicide Game* • Maintained the two newly hired in-house game developers

Strategy	Business objectives for the period from 15 November 2016 to 31 December 2019	Actual business progress for the period from 15 November 2016 to 31 December 2019
Further strengthen our sales and marketing capability and broaden reach into new markets	• Maintain six newly hired staff in our sales and marketing team	• The Group has successfully maintained at least six staff
	• Reduce the business activities in Canada	• The Group has closed its operations in Canada
	• Increase publicity across all of our existing marketing channels, including participation in game conventions, advertisements and cooperation with online game websites	• Moved its warehouse to China from the USA during the second half of 2019 • Continued to promote the Company's products through online advertising and social networking websites
	• Increase or initiate contact with existing or new wholesalers to enhance or initiate business relationships	• Maintained regular contact with existing wholesalers
	• Explore the new market in Asia Pacific region, namely Japan, Korea, Thailand and Indonesia; and seek for opportunities to expand our business operation	• Built and maintained contact with existing wholesalers • The Group has set up Foshan CMON Tabletop Games Trading Co., Ltd. in China, which commenced to conduct marketing activities in China in the second half of 2018
Further expansion into the mobile game market	• Develop our second mobile game, *Zombicide (mobile)* (renamed as *Zombicide: Tactics & Shotguns*)	• Continued to develop *Zombicide (mobile)* (renamed as *Zombicide: Tactics & Shotguns*), which was launched in 2019

USE OF NET PROCEEDS FROM THE PLACING

The net proceeds received by the Company from the placing of 306,000,000 shares at a price of HK$0.23 per share on GEM of the Stock Exchange (the "**Placing**"), after deducting underwriting commission and professional expenses in relation to the Placing, amounted to approximately HK$53.8 million.

The remaining net proceeds from the Placing of HK$1.9 million as at 31 December 2018 were applied in accordance with the uses and in the proportions as stated in the Prospectus. As at 31 December 2019, the net proceeds from the Placing have been fully utilized.

EVENTS OCCURRED AFTER 31 DECEMBER 2019

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 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.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ng Chern Ann (黃成安), aged 45, was appointed as an executive Director, chairman and chief executive officer of the Company on 2 December 2016. He was re-designated as a joint chief executive officer of the Company on 23 January 2020. Mr. Ng is primarily responsible for developing ideas for new games, corporate strategic planning and overall business development of our Group. Mr. Ng also oversees sales, marketing and logistics 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 our Group.

Mr. Ng graduated from the University of Birmingham, United Kingdom 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. David Doust (建邦), aged 56, was appointed as an executive Director on 2 December 2016 and a joint chief executive officer on 23 January 2020. 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 15 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, United States, with a Bachelor in Business Administration degree in May 1987.

Mr. Koh Zheng Kai (許政開), aged 40, was appointed as an executive Director and financial controller of the Company on 2 December 2016. From December 2016 to December 2019, Mr. Koh Zhengkai was one of the joint company secretaries of the Company. Mr. Koh has over 15 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 our Group, Mr. Koh has held various positions in areas relating to accounting, finance and company secretarial work. He worked as an auditor at KPMG Singapore from 2004 to 2005, at Ernst & Young in Houston, United States from 2005 to 2006 and at KPMG LLP in New York, United States from 2006 to 2008. From 2008 to 2010, he was a senior 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 examination. 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.

NON-EXECUTIVE DIRECTOR

Mr. Frederick Chua Oon Kian (formerly known as "Chua Oon Kian") (蔡穩健), aged 54, was appointed as a non-executive Director on 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, United States, with a Bachelor of Arts degree in December 1990.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chong Pheng (鍾平), aged 54, was 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 on 2 December 2016. He has been an independent director of CDW Holdings Limited (SP: BXE), a company listed on the Singapore Exchange Securities Trading 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 United Kingdom 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 Organisation Learning at Civil Service College, Singapore in May 2003.

Mr. Wong Yu Shan Eugene (王宇山), aged 50, was 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 on 6 May 2020. He obtained a Bachelor of Arts in Accounting (Hons) from Hong Kong Polytechnic University in 1993. He is a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow chartered accountant of Institute of Chartered Accountants in England and Wales. Mr. Wong has over 25 years of experience in the accounting and financial industry. Mr. Wong is currently running his own investment advisory and private equity business in mainland China. He is also the founding and managing partner of Unity & Strength (Hong Kong) Certified Public Accountants Ltd, where he has been responsible for providing accounting and advisory services since 2009. Prior to the current positions, he served various positions in different office locations of Ernst & Young from 1993 to 2008, and retired as a partner in Ernst & Young, China in December 2008.

Mr. Choy Man (蔡敏), aged 54, was 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 on 15 June 2020. He is currently a practising solicitor in Hong Kong. Mr. Choy obtained a Bachelor of Arts degree from The University of Hong Kong in 1990, and passed the common professional examination in 1993. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in 1994. Mr. Choy was admitted as a solicitor of Hong Kong in 1996 and is now a partner at Cheung & Choy and Choy & Tun, respectively. Mr. Choy specializes in the areas of civil and commercial litigation and conveyancing matters.

Note:

As at the date of this report, each of the Directors did not have any relationship with other Directors and any member of our senior management save as disclosed above.

SENIOR MANAGEMENT

Mr. David Preti, aged 50, has been our 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 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.

COMPANY SECRETARY

Ms. Ng Sau Mei (伍秀薇), aged 43, is the company secretary of the Company. Ms. Ng is an associate director of TMF Hong Kong Limited and is responsible for provision of corporate secretarial services to listed company clients. Ms. Ng obtained a Master Degree in Laws from University of London in December 2017 and a Bachelor's Degree in Laws from City University of Hong Kong in November 2001, and is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 June 2015. The Company is an investment holding company. The Group is principally engaged in design, development and sales of board games, miniature war games and other hobby products. Details of the principal activities of the Group during the year ended 31 December 2019 are set out in Note 35 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 48 of this annual report.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

EXTRAORDINARY GENERAL MEETING

The forthcoming extraordinary general meeting of the Company will be held on Wednesday, 23 December 2020 to receive and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2019 and the reports of the directors and auditor.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to attend and vote at the said extraordinary general meeting, the register of members of the Company will be closed from Friday, 18 December 2020 to Wednesday, 23 December 2020 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the said extraordinary general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 17 December 2020.

BUSINESS MODEL AND BUSINESS OVERVIEW

The business model and business overview of the Group are set out under the paragraph headed "Management Discussion and Analysis — Business Model and Business Overview" on page 5 of this annual report.

LONG-TERM STRATEGIES AND OUTLOOK

The long-term strategies and outlook of the Group are set out under the paragraph headed "Management Discussion and Analysis — Long-Term Strategies and Outlook" on page 5 of this annual report.

FINANCIAL PERFORMANCE AND PRINCIPAL RISKS

A review of the Group's business and analysis of the Group's performance for the year ended 31 December 2019, as well as a description of the principal risks and uncertainties the Group faces can be found in the section headed "Chairman's Statement" on page 4 of this annual report and the paragraph headed "Management Discussion and Analysis — Principal Risks and Uncertainties" on page 11 of this annual report.

ENVIRONMENTAL POLICY

The Group is committed to providing an environmental friendly environment and atmosphere within the Group. We conduct our business in a manner that balances the environment and economic needs.

The Group has taken the following environmental protection measures:

— Reduce the use of papers

The Group encourages its staff to employ and maximise usage of established online storage services for keeping records electronically. Where printing or photocopying is necessary, the Group endorses double-sided printing and copying, and the use of recycled paper.

— Reduce electricity consumption after office hour

The Group encourages its staff to minimise energy consumption in our properties, by switching off lights, air-conditioning and other electrical appliances when not in use.

— Incorporate environmental friendly consideration during product design and production

The Group encourages its designers to incorporate environmental friendly consideration during product and packaging design stage and works closely with the outsourced manufacturers to minimise product waste and packaging materials.

For further details on our environmental protection policies and performance, please refer to the Group's "Environment, Social and Governance Report" published on 9 July 2020 on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Singapore, the PRC and the United States while the Company itself is incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange. The establishment and operations accordingly shall comply with relevant laws and regulations in the above mentioned countries. The Group recognises the importance of compliance with relevant laws and regulations as well as the risk of non-compliance with such requirements. The Group has compliance procedures in place to ensure adherence to applicable laws and regulations which have a significant impact on the Group. During the year ended 31 December 2019 and up to the date of this annual report, to the best knowledge and belief of the Board, the Group has complied in material respects with the relevant laws and regulations in the Cayman Islands, Singapore, the PRC, the United States and Hong Kong.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the year ended 31 December 2019.

CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2019, the Group's sales to its five largest customers accounted for approximately 28.3% of the Group's total revenue. Our five largest customers were wholesalers based in the United States and Europe. As at 31 December 2019, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers.

Major Suppliers

For the year ended 31 December 2019, the Group's five largest suppliers accounted for approximately 98.0% of the Group's total purchases and our single largest supplier accounted for approximately 66.0% of the Group's total purchases. Our five largest suppliers were outsourced manufacturers based in Hong Kong and the PRC. Costs are determined with reference to quotations agreed between the Group and the suppliers on a project to project basis.

As at 31 December 2019, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2019 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2019 are set out in Note 30 to the consolidated financial statements.

CAPITAL AND RESERVES

Details of movements in the share capital, share premium, retained earnings, capital reserves and other reserves of the Group during the year ended 31 December 2019 are set out on page 50 of this annual report in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution to equity holders amounted to approximately US$10.2 million (31 December 2018: approximately US$9.6 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group are set out in Note 25 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the year ended 31 December 2019 and up to the date of this annual report are:

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 Director

Mr. Frederick Chua Oon Kian

Independent Non-executive Directors

Mr. Chong Pheng
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*
Mr. Wong Yu Shan Eugene *(appointed on 6 May 2020)*
Mr. Choy Man *(appointed on 15 June 2020)*

In accordance with article 84 of the articles of association of the Company (the "**Articles of Association**"), at each annual general meeting of the Company one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and will be eligible for re-election, provided that every Director shall be subject to retirement by rotation at least once every three years. In accordance with article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and any Director appointed as an addition to the Board shall hold office until the next following annual general meeting of the Company after his appointment.

At the annual general meeting of the Company held on 31 July 2020, Mr. Ng Chern Ann, Mr. Koh Zheng Kai, Mr. Frederick Chua Oon Kian, Mr. Wong Yu Shan Eugene and Mr. Choy Man have been re-elected to hold office as Directors.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") from each of the independent non-executive Directors and the Company considers such Directors to be independent for the year ended 31 December 2019 and remain so as of the date of this annual report.

Mr. Chong Pheng, Mr. Tan Lip-Keat (resigned on 3 April 2020), Mr. Seow Chow Loong Iain (resigned on 2 April 2020), Mr. Wong Yu Shan Eugene and Mr. Choy Man have each made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board is satisfied that, taking into account, inter alia, the valuable independent judgement, advice and objective views contributed by Mr. Chong, Mr. Tan, Mr. Seow, Mr. Wong and Mr. Choy, all of them are of such character, integrity and experience commensurate with office of independent non-executive Directors. The Board is not aware of any circumstance that might influence the independence of Mr. Chong, Mr. Tan, Mr. Seow, Mr. Wong and Mr. Choy.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 2 December 2016, being the date on which the Company's shares were listed on the Stock Exchange (the "**Listing Date**") until terminated by either party by giving not less than three months' notice in writing to the other.

Mr. Wong Yu Shan Eugene and Mr. Choy Man, being independent non-executive Directors, have each entered into a letter of appointment with the Company for a term of three years commencing from 6 May 2020 and 15 June 2020 respectively. Each of the non-executive Director and the other independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the date of their appointment, provided that either party may terminate such appointment at any time by giving at least three months' notice in writing to the other.

None of the Directors has a service agreement or a letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended or as at 31 December 2019 and up to the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2019 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2019 and up to the date of this annual report.

EMOLUMENT POLICY

The remuneration committee of the Company was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. Details of the emoluments of the Directors and five highest paid individuals during the year ended 31 December 2019 are set out in Note 12 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Note 11 to the consolidated financial statements.

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

As at 31 December 2019, the interests and short positions of the Directors and the chief executive 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Name	**Capacity/ Nature of Interest**	**Number of Underlying Shares (Unlisted and Physically Settled Equity Derivative) Interested[4]**	**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/interest of a party to an agreement/ beneficial owner	31,000,000	901,248,078	Long	49.90
David Doust[2] ("**Mr. Doust**")	Interest in controlled corporation/interest of a party to an agreement/ beneficial owner	31,000,000	901,248,078	Long	49.90
Frederick Chua Oon Kian[3] ("**Mr. Chua**")	Interest in controlled corporation/beneficial owner	5,580,000	328,249,232	Long	18.18
Koh Zheng Kai	Beneficial owner	5,800,000	5,800,000	Long	0.32
Chong Pheng	Beneficial owner	5,580,000	5,580,000	Long	0.31
Seow Chow Loong Iain	Beneficial owner	5,580,000	5,580,000	Long	0.31
Tan Lip-Keat	Beneficial owner	5,580,000	5,580,000	Long	0.31

Notes:

(1) The issued share capital of Cangsome Limited ("**CA SPV**") is wholly owned by Mr. Ng. CA SPV is beneficially interested in 609,173,654 shares whereas Mr. Ng is beneficially interested in 15,500,000 share options of the Company (the "**Share Options**"). Pursuant to the acting-in-concert arrangement, Mr. Ng is deemed to be interested in the shares held by CA SPV and Dakkon Holdings Limited ("**DD SPV**") and 15,500,000 Share Options held by Mr. Doust by virtue of the SFO.

(2) The issued share capital of DD SPV is wholly owned by Mr. Doust. DD SPV is beneficially interested in 261,074,424 shares whereas Mr. Doust is beneficially interested in 15,500,000 Share Options. Pursuant to the acting-in-concert arrangement, Mr. Doust is deemed to be interested in the shares held by DD SPV and CA SPV and 15,500,000 Share Options held by and Mr. Ng by virtue of the SFO.

(3) 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, our 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.

(4) The interests in the underlying shares represent interests in Share Option granted to the respective Directors to subscribe for shares.

Save as disclosed above, as at 31 December 2019, none of the Directors or the chief executive 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 31 December 2019, 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 of the Company 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/interest of a party to an agreement	901,248,078	Long	49.90
DD SPV[(1)]	Beneficial owner/interest of a party to an agreement	901,248,078	Long	49.90
Quantum Asset[(2)]	Interest in controlled corporation	322,669,232	Long	17.87
Magic Carpet[(2)]	Beneficial owner	322,669,232	Long	17.87
David Preti[(3)] ("**Mr. Preti**")	Interest in controlled corporation/ beneficial owner	127,643,076	Long	7.06
Magumaki Limited[(3)] ("**DP SPV**")	Beneficial owner	112,143,076	Long	6.21

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. 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 of the Company held by CA SPV, DD SPV and each other by virtue of the SFO. As at 31 December 2019, 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.

(2) 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.

(3) The issued share capital of DP SPV is wholly owned by Mr. Preti, a senior management of the Group. Therefore, Mr. Preti is deemed to be interested in the shares held by DP SPV by virtue of the SFO. As at 31 December 2019, Mr. Preti was beneficially interested in 15,500,000 Share Options.

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company 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 10% of the total number of shares in issue as at the date of this annual 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 6 years.

On 13 August 2018, a total of 74,620,000 Share Options were granted to certain Directors and employee 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.

On 25 September 2019, a total of 17,000,000 Share Options were granted to an employee of the Company under the Share Option Scheme with an exercise price of HK$0.112 per share. The closing price of the shares immediately before the date of grant was HK$0.111.

Particulars of the Share Options under the Share Option Scheme and their movements during the year ended 31 December 2019 are set out below:

Grantees	Date of grant (dd/mm/yyyy)	Exercise price per share (HK$)	Exercise period (dd/mm/yy)	Number of shares issuable under the Share Options				
				As at 1 January 2019	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	As at 31 December 2019
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
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
Chong Pheng	13/08/2018	0.232	13/08/2018– 12/08/2028 (Note 2)	5,580,000	—	—	—	5,580,000
Seow Chow Loong Iain	13/08/2018	0.232	13/08/2018– 12/08/2028 (Note 2)	5,580,000	—	—	—	5,580,000
Tan Lip-Keat	13/08/2018	0.232	13/08/2018– 12/08/2028 (Note 2)	5,580,000	—	—	—	5,580,000
Employees of the group								
In aggregate								
	13/08/2018	0.232	13/08/2018– 12/08/2028 (Note 1)	15,500,000	—	—	—	15,500,000
	25/09/2019	0.110	25/09/2019– 24/09/2028 (Note 3)	—	17,000,000	—	—	17,000,000
Grand Total:				74,620,000	17,000,000	—	—	91,620,000

Notes:

1. These Share Options granted under the Share Option Scheme on 13 August 2018 are subject to the following vesting schedules:

   (a) 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);

   (b) 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

   (c) 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).

2. These Share Options granted under the Share Option Scheme on 13 August 2018 are subject to the following vesting schedules:

   (a) 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

   (b) 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).

3. These Share Options granted under the Share Option Scheme on 25 September 2019 are subject to the following vesting schedules:

   (a) Up to 50% of the Share Options shall be vested to the grantee at any time after expiration of 12 months from the date of grant, (i.e. 25 September 2020); and

   (b) up to 50% of the Share Options shall be vested to the grantee at any time after expiration of 24 months from the date of grant, (i.e. 25 September 2021).

As of 31 December 2019, 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.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, the Company did not have any other share option scheme and there was no equity-linked agreement that would or might result in the Company issuing Shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing Shares, entered into by the Company during the year ended 31 December 2019 or subsisted as at 31 December 2019.

CHANGES TO DIRECTORS’ INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

NON-COMPETITION UNDERTAKING

Pursuant to the deed of non-competition dated 17 November 2016 (the "**Deed of Non-competition**") entered into by Mr. Ng, Mr. Doust, CA SPV and DD SPV (collectively, the "**Controlling Shareholders**"), each of our Controlling Shareholders had severally, irrevocably and unconditionally confirmed that neither of them nor any of their respective close associates is currently interested or engaged or having or holding any right or interests, directly or indirectly in (whether as a shareholder, director, partner, agent or otherwise and whether for profit reward or otherwise) any business, project or business opportunity which is or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group in the United States, Singapore and any other country or jurisdiction to which the Group provides such products and services and/or in which any member of the Group carries on business (the "**Restricted Activity**") otherwise than through the Group. In addition, the Controlling Shareholders jointly and severally, irrevocably and unconditionally undertook that as long as any of them holds any Shares, each of them shall not, and shall procure that their respective close associates (other than any member of the Group) and/or companies controlled by them (other than any member of the Group) shall not, directly or indirectly, among other things, be interested or involved or engaged in or carry on or be concerned with or acquire or hold any right or interest in the Restricted Activity. The Controlling Shareholders also granted the Company options for new business opportunities related to the Restricted Activity. For details of the Deed of Non-competition, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-competition during the year ended 31 December 2019 for disclosure in this annual report.

The independent non-executive Directors have reviewed the Deed of Non-competition and based on the information and confirmations provided by or obtained from the Controlling Shareholders, they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition during the year ended 31 December 2019.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2019, none of the Directors, Controlling Shareholders or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

Related party transactions of the Group are disclosed in Note 34 to the consolidated financial statements. They did not constitute connected transactions or continuing connected transactions of the Company, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DONATIONS

During the year ended 31 December 2019, the Group made no charitable and other donations.

SIGNIFICANT LEGAL PROCEEDINGS

During the year ended 31 December 2019, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director for the time being shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a Director about the execution of the duties or supposed duties of his office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to the said Director.

The Company has taken out and maintained insurance in respect of legal action that may be brought against the Directors.

AUDIT COMMITTEE AND REVIEW ON THE ANNUAL RESULTS

The audit committee (the "**Audit Committee**") of the Company, which currently comprises three independent non-executive Directors, has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results and the annual results announcement of the Company for the year ended 31 December 2019.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 30 to 44 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the year ended 31 December 2019 and as at the latest practicable date prior to the issue of this annual report.

AUDITOR

Reference is made to the announcement of the Company dated 31 July 2020 in relation to the poll results of the annual general meeting of the Company held on 31 July 2020 (the "**AGM**"). It was disclosed in the announcement that the re-appointment of PricewaterhouseCoopers (the "**Outgoing Auditor**") as auditor of the Company was not passed at the AGM. Accordingly, PricewaterhouseCoopers has retired as auditor of the Company upon expiration of its term of office at the close of the AGM.

Pursuant to the note under Rule 13.51(4) of the Listing Rules, the Company confirmed that the Outgoing Auditor did not provide any confirmation that there are no matters that need to be brought to the attention of the Shareholders. The reason was because the Outgoing Auditor had identified certain audit issues during their term of service which the Company disclosed in its announcements dated 26 March 2020, 30 June 2020 and 30 September 2020. The Outgoing Auditor was however not re-elected at the AGM and such audit issues remained unresolved at such time.

At the extraordinary general meeting held on 27 August 2020, ZHONGHUI ANDA CPA Limited ("**Zhonghui Anda**") was appointed as the auditor of the Company for the year ending 31 December 2020 to hold office until the conclusion of the next annual general meeting of the Company. The accompanying financial statements prepared in accordance with International Financial Reporting Standards have been audited by Zhonghui Anda.

On behalf of the Board
Ng Chern Ann
Chairman, Joint Chief Executive Officer and Executive Director
Singapore, 27 November 2020

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2019.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the year ended 31 December 2019. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Ng Chern Ann is currently the chairman and 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.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring the Group's business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

During the year ended 31 December 2019, all the Directors had carried out duties in good faith and, to their best knowledge and belief, in compliance with applicable laws and regulations, and had acted in the interest of the Company and the Shareholders as a whole at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at 31 December 2019 and the date of this annual report, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors as follows:

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 Director:

Mr. Frederick Chua Oon Kian

Independent Non-executive Directors:

Mr. Chong Pheng
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*
Mr. Wong Yu Shan Eugene *(appointed on 6 May 2020)*
Mr. Choy Man *(appointed on 15 June 2020)*

The biographies of the Directors are set out under the section headed “Directors and Senior Management” of this annual report.

During the year ended 31 December 2019, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company’s performance. The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The board diversity policy is summarised below:

1. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to age, educational background, professional experience, skills, knowledge and length of service.

2. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

3. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

4. The Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness.

For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

1. at least one-third of the members of the Board shall be independent non-executive Directors; and

2. at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board has achieved the measurable objectives in the board diversity policy.

The Board comprises seven Directors. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of age, educational background, ethnicity, professional experience, skills, knowledge and length of service.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Directors and the chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the Company, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also provides regular updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge his/her duties.

Directors are encouraged to participate in continuous professional development seminars and programmes to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided the Directors with written training materials relating to the roles, functions and duties of a director of a listed issuer on the Main Board of the Stock Exchange. The Company has also engaged external legal advisers to provide training to Directors on updates of the Listing Rules as well as the latest changes in relevant rules and regulations.

According to the information provided by the Directors, a summary of trainings received by the Directors throughout the year ended 31 December 2019 is as follows:

Directors	**Nature of Continuous Professional Development Programmes** (Notes)
Executive Directors:	
Mr. Ng Chern Ann	C
Mr. David Doust	C
Mr. Koh Zheng Kai	C
Non-executive Director:	
Mr. Frederick Chua Oon Kian	C
Independent Non-executive Directors:	
Mr. Chong Pheng	C
Mr. Tan Lip-Keat	C
Mr. Seow Chow Loong Iain	C

Notes:

A: Attending seminars, meetings, forums and/or briefings

B: Attending trainings related to the duties and responsibilities of a director of a company listed on the Stock Exchange

C: Reading materials relevant to corporate governance, director's duties and responsibilities, Listing Rules and other relevant ordinances and codes

CHAIRMAN AND JOINT CHIEF EXECUTIVE OFFICERS

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 a 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 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.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has signed a service agreement with the Company for an initial term of three years commencing from the Listing Date until terminated by either party by giving not less than three months' notice in writing to the other.

Mr. Wong Yu Shan Eugene and Mr. Choy Man, being independent non-executive Directors, have each entered into a letter of appointment with the Company for a term of three years commencing from 6 May 2020 and 15 June 2020 respectively. Each of the non-executive Director and independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years commencing from the date of their appointment, provided that either party may terminate such appointment at any time by giving at least three months' notice in writing to the other.

None of the Directors has a service agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

BOARD AND BOARD COMMITTEE MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals.

For other Board and Board Committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the relevant Board Committees prior to the meeting.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient details about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors or the Board Committees members. Minutes of the Board meetings and the Board Committees meetings are open for inspection by Directors.

During the year ended 31 December 2019, one general meeting was held. During the same period, four Board meetings were held. The attendance of each Director at these meetings is set out in the table below:

Directors	**Board Meeting(s) Attended/Held**	**General Meeting(s) Attended/Held**
Executive Directors:		
Mr. Ng Chern Ann	4/4	1/1
Mr. David Doust	4/4	1/1
Mr. Koh Zheng Kai	4/4	1/1
Non-executive Director:		
Mr. Frederick Chua Oon Kian	4/4	1/1
Independent Non-executive Directors:		
Mr. Chong Pheng	4/4	1/1
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*	4/4	1/1
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*	4/4	1/1

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

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings during the year ended 31 December 2019.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors are provided with sufficient resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transaction entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the codes of conduct and compliance manuals applicable to employees and the Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Mr. Tan Lip-Keat (chairman; Mr. Tan resigned on 3 April 2020 and was replaced by Mr. Wong Yu Shan Eugene as chairman of the Audit Committee on 6 May 2020), Mr. Chong Pheng and Mr. Seow Chow Loong Iain (Mr. Seow resigned on 2 April 2020 and was replaced by Mr. Choy Man on 15 June 2020). All three members were/are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

1. to review the relationship with the auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the auditor;

2. to review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function or the auditor before submission to the Board; and

3. to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Four meetings were held by the Audit Committee during the year ended 31 December 2019 and the attendance of each Audit Committee member at the Audit Committee meetings during the year ended 31 December 2019 is set out in the table below:

Directors	**Attended/Eligible to attend**
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*	4/4
Mr. Chong Pheng	4/4
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*	4/4

During the meetings, the Audit Committee:

- reviewed the financial results of the Group for the year ended 31 December 2018, for the three months ended 31 March 2019, for the six months ended 30 June 2019 and for the nine months ended 30 September 2019 as well as the relevant financial reports;

- reviewed the audit report prepared by the auditor relating to accounting issues and major findings in course of audit; and

- reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the re-appointment of the auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the auditor.

Subsequent to 31 December 2019 and up to the date of this annual report, the Audit Committee held four meetings and carried out the following activities to meet their responsibilities as set out in the terms of reference of the Audit Committee:

(a) reviewed the financial results of the Group for the year ended 31 December 2019 and the six months ended 30 June 2020 and subsequently presented the reports/announcements to the Board for approval before its subsequent release to Stock Exchange's website and the Company's website;

(b) monitored the Group's financial controls, internal control and risk management systems;

(c) reviewed the external auditors' audit memorandum to the Audit Committee and any material queries or issues raised by the auditor;

(d) reviewed the remuneration, qualifications and independence of ZHONGHUI ANDA CPA Limited and made recommendation to the Board for their appointment as the new auditor of the Company; and

(e) reviewed the Resumption Guidance and set up Investigation Committee to investigate the Audit Issues.

For further details in respect of paragraph (e) above, please refer to the paragraph headed "Management Discussion and Analysis — Events occurred after 31 December 2019" on page 14 of this annual report.

Nomination Committee

The Nomination Committee currently comprises three members, namely Mr. Seow Chow Loong Iain (chairman; Mr. Seow resigned on 2 April 2020 and was replaced by Mr. Choy Man as chairman of the Nomination Committee on 15 June 2020), Mr. Chong Pheng, and Mr. Tan Lip-Keat (Mr. Tan resigned on 3 April 2020 and was replaced by Mr. Wong Yu Shan Eugene on 6 May 2020). All three members were/are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors; and

4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman of the Board and the Joint Chief Executive Officers.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

One meeting was held by the Nomination Committee during the year ended 31 December 2019 and attendance of each Nomination Committee member at the Nomination Committee meeting during the year ended 31 December 2019 is set out in the table below:

Directors	Attended/Eligible to attend
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*	1/1
Mr. Chong Pheng	1/1
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*	1/1

During the meeting, the Nomination Committee assessed the independence of independent non-executive Directors and considered the re-appointment of the retiring Directors.

The Board adopted a nomination policy (the "**Nomination Policy**") on 21 March 2019, which sets out, among other things, the procedures and criteria for identifying and evaluating a candidate for nomination to the Board for appointment or to the Shareholders for election as a Director. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorship:

(a) diversity in all its aspects, including but not limited to skills, knowledge, gender, age, ethnicity, cultural and educational background, professional experience and other personal qualities of the candidate;

(b) ability to exercise sound business judgment and possess proven achievement and experience in directorship including effective oversight of and guidance to management;

(c) commitment of the candidate to devote sufficient time for the proper discharge of the duties of a Director. In this regard, the candidate should not be a Director of more than six public companies or organisations; other executive appointments or significant commitments will also be considered;

(d) potential/actual conflicts of interest that may arise if the candidate is selected;

(e) independence of the independent non-executive director candidates must satisfy the independence requirements under the Listing Rules; and

(f) in the case of a proposed re-appointment of an independent non-executive Director, the number of years he/she has already served.

Each proposed appointment, election or re-election of a Director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board for consideration and determination.

The Nomination Committee will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

Pursuant to Rule 13.92 of the Listing Rules, listed issuers are required to adopt a board diversity policy. The Board has adopted a board diversity policy since 17 November 2016, a summary of which is set out on page 31 and 32 of this annual report.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Chong Pheng (chairman), Mr. Tan Lip-Keat (Mr. Tan resigned on 3 April 2020 and was replaced by Mr. Wong Yu Shan Eugene on 6 May 2020) and Mr. Seow Chow Loong Iain (Mr. Seow resigned on 2 April 2020 and was replaced by Mr. Choy Man on 15 June 2020), All three members were/are independent non-executive Directors.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board, and assess performance of executive Directors and the terms of their service agreements;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Director(s);

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

8. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

One meeting was held by the Remuneration Committee during the year ended 31 December 2019 and attendance of each Remuneration Committee member at the Remuneration Committee meeting during the year ended 31 December 2019 is set out in the table below:

Directors	**Attended/Eligible to attend**
Mr. Chong Pheng	1/1
Mr. Tan Lip-Keat *(resigned on 3 April 2020)*	1/1
Mr. Seow Chow Loong Iain *(resigned on 2 April 2020)*	1/1

During the meeting, the Remuneration Committee discussed and reviewed the remuneration packages for Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual Directors and senior management.

Remuneration of Directors and Senior Management

Particulars of the remuneration of the Directors and the five highest paid individuals for the year ended 31 December 2019 are set out in Note 12 to the consolidated financial statements. Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the year ended 31 December 2019 by band is set out below:

Remuneration band (in HK$)	Number of individuals
HK$1,500,001 to HK$2,000,000	1
HK$2,500,001 to HK$3,000,000	1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2019 which give a true and fair view of the affairs of the Group and of the Group's results and cash flows.

The management has provided the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with quarterly updates on the Group's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the independent auditor's report on pages 45 to 47 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure that, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The main features of risk management and internal control structure of the Company are as follows:

- heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit Committee;

- the management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations; and

- the financial controller reports to the Board, the Audit Committee and the management concerning the effectiveness of risk management and internal control systems.

During the year ended 31 December 2019, major works performed by the management in relation to risk management and internal control include the following:

- each major operation unit or department was responsible for daily risk management activities, including identifying major risks that might impact on the Group's performance, assessing and evaluating the identified risks according to their likely impacts and the likelihood of occurrence, formulating and implementing measures, controls and response plans to manage and mitigate such risks;

- the management, together with the controller's department, monitored and reviewed the risk management and internal control systems on an on-going basis and reported to the Audit Committee regarding the status of the systems;

- the management periodically followed up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were given to all major risks identified;

- the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and

- the management ensured appropriate procedures and measures such as safeguarding assets against unauthorised use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. are in place.

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for the internal control of the Group and for reviewing its effectiveness. During the year ended 31 December 2019, the Company has engaged an independent third party to conduct an internal control review to ensure the effectiveness and adequacy of the internal control system of the Group.

The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor relation, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior executives and confined on "need-to-know" basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Other procedures such as pre-clearance on dealing in Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to Directors and employees, and identification of project by code name have also been implemented by the Company to guard against possible mishandling of inside information within the Group.

The Company has adopted arrangements to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee reviewed such arrangements regularly and ensured that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The Audit Committee has been reviewing the effectiveness of the risk management and internal control systems of the Company. The review included works such as (i) review of reports submitted by heads of operation units or departments and the management regarding the implementation of the risk management and internal control systems; (ii) periodic discussions with the management and senior executives regarding the effectiveness of the risk management and internal control systems. Such discussions included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions; (iii) review of the internal control review report prepared by the independent third party; (iv) evaluation on the scope and quality of management's on-going monitoring of the risk management and internal control systems; and (v) making recommendations where applicable to the Board and the management on the scope and quality of the management's on-going monitoring of the risk management and internal control systems.

In addition, in around March 2020, PricewaterhouseCoopers, the former auditor of the Company, identified the Audit Issues during their audit works in preparation of the annual financial statements of the Company for the year ended 31 December 2019. Please refer to the section headed "Management Discussion and Analysis — Events occurred after 31 December 2019" of this report for further details. As part of its procedures to resolve such Audit Issues and procure the resumption of trading of its shares, the Company established the Investigation Committee (comprising all of the members of the Audit Committee) and commissioned an independent Investigation Report from Mazars. The Investigation Committee reviewed the draft Investigation Report containing findings of their Investigation and their internal control recommendations in a meeting of the Investigation Committee attended by Mazars on 30 September 2020. On the recommendation of the Investigation Committee, the Company adopted and implemented all such internal control recommendations from Mazars. The final Investigation Report was issued on 14 October 2020.

As of the date of this annual report, the Audit Committee is satisfied with the internal control policies of the Company that have been revised in accordance with the recommendations of the Investigation Report and is not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal control systems of the Company, and accordingly the Company considers the systems are effective and adequate.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the auditors to the Group during the year ended 31 December 2019 was approximately as follows:

Type of Services	**Amount** (US$)
Audit services	420,000
Non-audit services	39,570
Total	459,570

COMPANY SECRETARY

During the period from 1 January 2019 to 22 December 2019, Mr. Koh Zheng Kai ("**Mr. Koh**") was the joint company secretary of the Company, responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures as well as the applicable laws, rules and regulations were followed. Mr. Koh resigned as a joint company secretary of the Company with effect from 23 December 2019.

Following Mr. Koh's resignation, Ms. Ng Sau Mei ("**Ms. Ng**") has served as the sole company secretary of the Company and continues to perform and discharge the duties of a company secretary under the Listing Rules. Ms. Ng is an associate director of TMF Hong Kong Limited (a company secretarial services provider). Her primary contact person at the Company is Mr. Koh.

During the year ended 31 December 2019, Ms. Ng has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which enables Shareholders and investors to make informed investment decisions.

The general meetings of the Company provide opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of each of the Board Committees will attend the general meetings to answer Shareholders' questions. The Auditor will also attend the forthcoming extraordinary general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at http://cmon.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy (the "**Dividend Policy**") on 21 March 2019 in compliance with code provision E.1.5 of the CG Code. It is the policy of the Board, in considering the payment of dividends, to allow Shareholders to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

When considering whether to declare any dividends and determining the dividend amount, the Board will take into consideration, inter alia, the following factors:

(a) the actual and expected financial performance of the Group;

(b) the capital and debt level of the Group;

(c) the general market conditions;

(d) any working capital requirements, capital expenditure requirements and future development plans of the Group;

(e) retained earnings and distributable reserves of the Company and each of the members of the Group;

(f) the liquidity position of the Group;

(g) any restrictions on dividend payouts imposed by any of the Group's lenders;

(h) the statutory and regulatory restrictions which the Group is subject to from time to time; and

(i) any other relevant factors that the Board may deem appropriate.

The payment of the dividends by the Company will also be subject to any restrictions imposed by the applicable laws, rules and regulations as well as the Articles of Association.

The Board will from time to time review the Dividend Policy and may exercise at its absolute and sole discretion to update, amend and/or modify the Dividend Policy at any time as the Board deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any specific reporting period.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a precedent or administrative matter to be voted by a show of hands. Poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Headquarters of the Company at 201 Henderson Road #07/08–01, Apex @ Henderson, Singapore 159545 or at kai@cmon.com.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum of association of the Company and the Articles of Association have been amended and restated with effect from the Listing Date, the latest version of which are available from the websites of the Company and the Stock Exchange.

During the year ended 31 December 2019, there was no change in the memorandum of association of the Company and the Articles of Association.

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ZHONGHUI

To the shareholders of CMON Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CMON Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 48 to 91, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Refer to note 15 and note 17 to the consolidated financial statements.

The Group tested the amount of property, plant and equipment and intangible assets for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment and intangible assets of US$14,207,636 and US$12,506,463 respectively as at 31 December 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

— Assessing the identification of the related cash generating units;

— Assessing the arithmetical accuracy of the value-in-use calculations;

— Comparing the actual cash flows with the cash flow projections;

— Checking key assumptions and input data in the valuation model to supporting evidence; and

— Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates).

We consider that the Group's impairment test for property, plant and equipment and intangible assets is supported by the available evidence.

OTHER INFORMATION

The directors of the Company (the "**Directors**") are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Pang Hon Chung
Audit Engagement Director
Practising Certificate Number P05988

Hong Kong, 27 November 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 US$	2018 US$
Revenue	6	30,460,303	28,207,411
Cost of sales		(15,854,951)	(13,405,569)
Gross profit		14,605,352	14,801,842
Other income	7	198,226	80,232
Other losses, net	8	(206,113)	(25,332)
Selling and distribution expenses		(5,904,295)	(5,747,190)
General and administrative expenses		(6,088,649)	(5,603,191)
Operating profit		2,604,521	3,506,361
Professional service fees in respect of transfer of listing status from GEM to Main Board		(2,675,435)	(949,756)
Finance costs	9	(483,370)	(229,650)
(Loss)/profit before income tax		(554,284)	2,326,955
Income tax expense	10	(208,902)	(258,685)
(Loss)/profit for the year attributable to owners of the Company	11	(763,186)	2,068,270
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(32,490)	(21,325)
Total other comprehensive loss for the year		(32,490)	(21,325)
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company		(795,676)	2,046,945
(Loss)/earnings per share			
Basic and diluted	14	(0.0004)	0.0011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 US$	2018 US$
Non-current assets			
Property, plant and equipment	15	14,207,636	12,346,061
Right-of-use assets	16	120,586	—
Intangible assets	17	12,506,463	13,128,860
Deposit placed with a life insurance company	18	1,188,890	—
		28,023,575	25,474,921
Current assets			
Inventories	19	2,010,838	3,567,678
Trade and other receivables	20	1,934,110	1,105,242
Prepayments and deposits	21	6,862,791	4,862,240
Pledged deposit	22	207,622	200,000
Bank and cash balances	22	757,743	2,849,799
		11,773,104	12,584,959
Current liabilities			
Trade payables	23	—	72,385
Accruals and other payables	24	1,672,482	1,088,823
Borrowings	25	6,634,444	3,864,897
Amount due to ultimate holding company	26	3	3
Income tax payable		276,822	476,327
Contract liabilities	27	2,930,075	3,691,363
Lease liabilities	28	28,716	—
		11,542,542	9,193,798
Net current assets		230,562	3,391,161
Total assets less current liabilities		28,254,137	28,866,082
Non-current liabilities			
Borrowings	25	3,716,220	4,408,357
Lease liabilities	28	96,006	—
Deferred tax liabilities	29	2,150,475	1,963,426
		5,962,701	6,371,783
NET ASSETS		22,291,436	22,494,299
Capital and reserves			
Share capital	30	11,700	11,700
Reserves		22,279,736	22,482,599
TOTAL EQUITY		22,291,436	22,494,299

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital US$	Share premium US$	Capital reserves US$	Share-based compensation reserves US$	Exchange reserves US$	Retained earnings US$	Total US$
At 1 January 2018	11,700	12,384,133	780,499	—	(994)	7,108,653	20,283,991
Profit for the year	—	—	—	—	—	2,068,270	2,068,270
Other comprehensive loss for the year							
Exchange differences arising on translation of foreign operations	—	—	—	—	(21,325)	—	(21,325)
Total other comprehensive loss for the year	—	—	—	—	(21,325)	—	(21,325)
Profit and total comprehensive income for the year	—	—	—	—	(21,325)	2,068,270	2,046,945
Recognition of equity-settled share-based payments	—	—	—	163,363	—	—	163,363
At 31 December 2018	11,700	12,384,133	780,499	163,363	(22,319)	9,176,923	22,494,299
At 1 January 2019	11,700	12,384,133	780,499	163,363	(22,319)	9,176,923	22,494,299
Loss for the year	—	—	—	—	—	(763,186)	(763,186)
Other comprehensive loss for the year							
Exchange differences arising on translation of foreign operations	—	—	—	—	(32,490)	—	(32,490)
Total other comprehensive loss for the year	—	—	—	—	(32,490)	—	(32,490)
Loss and total comprehensive loss for the year	—	—	—	—	(32,490)	(763,186)	(795,676)
Recognition of equity-settled share-based payments	—	—	—	592,813	—	—	592,813
At 31 December 2019	11,700	12,384,133	780,499	756,176	(54,809)	8,413,737	22,291,436

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 US$	2018 US$
Cash flows from operating activities		
(Loss)/profit before income tax	(554,284)	2,326,955
Adjustments for:		
Equity-settled share-based payments	592,813	163,363
Interest expenses	483,370	229,650
Depreciation of property, plant and equipment	2,103,891	1,765,063
Depreciation of right-of-use assets	129,858	—
Amortisation of intangible assets	2,034,809	1,574,274
Gain on termination of lease	(10,425)	—
Initial recognition loss on measurement of deposit placed with a life insurance company	279,666	—
Impairment losses on trade and other receivables, net	7,052	25,332
Waive of trade payables to a supplier	(70,180)	—
Written-off of inventories	—	200,000
Interest income	(36,558)	(111)
Operating cash flows before movements in working capital	4,960,012	6,284,526
Change in inventories	1,556,840	655,764
Change in trade and other receivables	(835,920)	(289,048)
Change in prepayments and deposits	(2,000,551)	(2,380,482)
Change in contract liabilities	(761,288)	425,654
Change in trade payables	(2,205)	(1,844,706)
Change in other payables and accruals	1,207,787	(90,199)
Cash generated from operations	4,124,675	2,761,509
Income tax paid	(221,358)	(472,693)
Net cash generated from operating activities	3,903,317	2,288,816
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,965,466)	(3,078,787)
Development costs incurred	(1,137,413)	(2,412,350)
Additions to intellectual properties rights and software	(899,127)	(1,414,632)
Deposit placed with a life insurance company	(1,440,421)	—
Interest received	801	111
Net cash used in investing activities	(7,441,626)	(6,905,658)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 US$	2018 US$
Cash flows from financing activities		
New bank borrowings raised	15,410,529	5,500,000
Repayment of bank borrowings	(13,333,119)	(632,702)
Repayment of lease liabilities	(115,368)	—
Lease interest paid	(21,870)	—
Interest paid	(461,500)	(229,650)
Net cash generated from financing activities	1,478,672	4,637,648
Net (decrease)/increase in bank and cash equivalents	(2,059,637)	20,806
Effect of foreign exchange rate changes	(32,419)	(21,325)
Bank and cash equivalents at beginning of year	2,849,799	2,850,318
Bank and cash equivalents at end of year		
Represented by bank and cash balances	757,743	2,849,799

1. GENERAL INFORMATION

CMON Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The address of the registered office is Offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is 201 Henderson Road, #07/08–01 Apex @ Henderson, Singapore 159545.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in design, development and sales of board games, miniatures and other hobby products. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

The Company was listed on 2 December 2016 on GEM ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company transferred from GEM to the Main Board of the Stock Exchange on 19 November 2019.

Reference to the announcement dated on 1 April 2020, the trading of ordinary shares of the Company on the Stock Exchange has been suspended since 1 April 2020 due to, in the opinion of the directors of the Company (the "**Directors**"), the Company fails to publish the annual results of the Group for the year ended 31 December 2019 within the time limit pursuant to the Listing Rules.

Reference to the announcement dated on 23 June 2020, the Company has been notified by the Stock Exchange of the resumption guidance for the Company including an appropriate investigation (the "**Investigation**"), publishing all outstanding financial results and informing the market all material information for shareholders and investors to appraise the Company's position.

Reference to the announcement dated on 23 October 2020, the Investigation was completed and investigation report was issued on 14 October 2020.

The consolidated financial statements are presented in United States dollar ("**US$**") unless otherwise stated.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board (the "**IASB**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years except as stated below.

IFRS 16 "Leases"

The Group was initially applied IFRS 16 "Leases" with effect from 1 January 2019 and has taken transitional provisions and methods not to restate comparative information for prior period.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 16 "Leases" (Continued)

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as "operating leases" under IAS 17 "Leases", resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	1 January 2019
	US$
Increase in right-of-use assets	1,454,644
Increase in lease liabilities	(1,454,644)

The reconciliation of operating lease commitments to lease liabilities as at 1 January 2019 is set out below:

	US$
Operating lease commitments at 31 December 2018	1,827,933
Less:	
Discounting at 4.25%	(131,612)
Recognition exemption for leases with less than 12 months of lease term at transition	(241,677)
Lease liabilities as at 1 January 2019	1,454,644

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity' s returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in US$, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment, are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost included expenditure that is directly attributable to the acquisitions of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost of each asset to their residual values over their estimated useful lives, as follows:

Office units	50 years
Displays, moulds and tools	3 to 5 years
Art, painting and sculpts	3 to 10 years
Furniture and fixtures	5 years
Computer equipment	5 years
Motor vehicles	3 to 10 years

The assets'residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

(a) Product development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (directly attributable to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the developing/developed product so that it will be available for use or sale;

(ii) management intends to complete the developing/developed product and use or sell it;

(iii) the Group is able to use or sell the developing/developed product;

(iv) it can be demonstrated how the developing/developed product will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the developing/developed product are available; and

(vi) the expenditure attributable to the developing/developed product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and are stated at historical cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives of 5 to 10 years since the products are launched.

(b) Intellectual property rights and licences

Separately acquired intellectual property rights and licences are initially recognised at historical cost. Intellectual property rights and licences acquired in a business combination are recognised at fair value at the acquisition date. Intellectual property rights 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 intellectual property rights and licences over their estimated useful lives of 10 to 20 years since their respective years of launch. Useful lives of these assets are estimated taking into account (i) the number of years since the relevant games in connection with the intellectual property rights and licences were first launched; (ii) sales performance of the relevant games; and (iii) benchmarking against the useful lives of games with similar attributes in the market.

(c) Acquired computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 5 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

(i) The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Warehouses	2–5 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Financial assets of the Group are classified under financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, loan receivables and other receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade and other receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Variable consideration

For contracts that contain variable consideration in relation to the variation sales performance for future transactions, the Group estimates the amount of consideration to which it will be entitled using either:

(a) the expected value method; or

(b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other revenue

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. KEY ESTIMATES

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Depreciation of property, plant and equipment and amortisation of intangible assets

The Group determines the estimated useful lives, residual values, related depreciation charges and related amortisation for the Group's property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment and intangible assets of similar nature and functions. The Group will revise the depreciation charge and amortisation charges where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

(d) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade receivables, prepayments and other receivables, including the current creditworthiness and the past collection history of each customer and debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables, prepayments and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(e) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in Singapore dollars (the "**SG$**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Directors manage its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

For the year ended 31 December 2019, if SG$ had strengthened/weakened by 1% against US$ with all other variables including tax rate being held constant, the Group's loss would have been US$25,212 higher/lower (2018: profit would have been US$26,191 lower/higher), as a result of currency translation gains/losses on the SG$-denominated financial assets (including bank and cash balances and trade and other receivables)/liabilities (including borrowings).

(b) Credit risk

The carrying amount of the bank and cash balances, pledged deposit, trade and other receivables and deposits included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group's trade receivables are primarily related to sales to wholesale customers. The Group has policies in place to ensure that products are sold to wholesale customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. 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.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— internal credit rating;

— external credit rating;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower;

— significant increases in credit risk on other financial instruments of the same borrower;

— significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade loan receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss Provision**
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Total undiscounted cash flow US$	Carrying amount US$
At 31 December 2019						
Accruals and other payables	1,672,482	—	—	—	1,672,482	1,672,482
Amount due to ultimate holding company	3	—	—	—	3	3
Borrowings	5,841,763	861,919	1,213,953	2,433,029	10,350,664	10,350,664
Interest on borrowings	461,500	175,488	132,045	85,300	854,333	—
	7,975,748	1,037,407	1,345,998	2,518,329	12,877,482	12,023,149
At 31 December 2018						
Trade payables	72,385	—	—	—	72,385	72,385
Accruals and other payables	1,088,823	—	—	—	1,088,823	1,088,823
Amount due to ultimate holding company	3	—	—	—	3	3
Borrowings	3,864,897	579,200	1,017,223	2,811,934	8,273,254	8,273,254
Interest on borrowings	229,650	188,237	163,505	120,070	701,462	—
	5,255,758	767,437	1,180,728	2,932,004	10,135,927	9,434,465

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its borrowings. These borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2019, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been US$85,910 (2018: profit after tax for the year would have be US$68,626 lower/higher) higher/lower, arising mainly as a result of higher/lower interest expense on bank borrowings.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) Categories of financial instruments at 31 December

	2019 US$	2018 US$
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	4,165,994	4,261,642
Financial liabilities:		
Financial liabilities at amortised cost	12,023,149	9,434,465

6. REVENUE AND SEGMENT INFORMATION

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

The Group's revenue is analysed as follows:

	2019 US$	2018 US$
Sales of products	27,907,043	26,863,849
Shipping income in connection with sale of products	2,325,734	1,088,680
Forfeiture revenue	227,526	254,882
Revenue from contracts with customers	30,460,303	28,207,411

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue from contracts with customers:

Geographical markets

	2019 US$	2018 US$
North America	17,550,210	21,638,549
Europe	9,097,287	4,553,980
Oceania	765,479	416,832
Asia	2,127,889	1,542,619
South America	908,058	37,231
Africa	11,380	18,200
	30,460,303	28,207,411

For the years ended 31 December 2019 and 2018, all revenue is recognised at a point in time.

No individual customers of the Group contributed more than 10% of the Group's revenue during the years ended 31 December 2019 and 2018.

Sales of products — wholesale

The Group sells a range of board games, miniatures and other hobby products in the wholesale market. Revenue from sale of goods is recognised at a point in time when control of the products has been transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional.

Sales of products — game conventions and online store

The Group sells its products through game conventions and its online store. Revenue from the sale of goods is recognised at a point in time when control of the products has been transferred to customers. Payment of the transaction price is due immediately when the customer purchases the products and takes delivery at game conventions. Advance payments received from customers who place orders on the Group's online store is initially recognised as contract liabilities under IFRS 15.

Sales of products — Kickstarter and crowd-funding platform

The Group launches new products through Kickstarter and crowd-funding platforms. Upon the successful funding of these pre-orders, the Group recognises the total pledged amount, less administrative fees, as contract liabilities under IFRS 15. Revenue is recognised at a point in time when control of the products has been transferred to customers. The products of the pre-orders are normally completed and delivered within one year.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Shipping income

Shipping income is recognised at a point in time during the period when the goods are picked up from the suppliers' factories. The related shipping and handling charges are included in cost of sales.

Forfeiture income

The amounts represent receipts from customers for pre-orders of specific products which were subsequently abandoned by customers and are recognised as revenue.

At 31 December 2019 and 2018, the total non-current assets other than intangible assets were located in the following locations:

	2019 US$	2018 US$
Singapore	11,480,829	4,995,474
The People Republic's of China (the "**PRC**")	2,660,656	5,567,678
North America	139,261	1,714,460
Others	47,476	68,449
	14,328,222	12,346,061

7. OTHER INCOME

	2019 US$	2018 US$
Advertising income	30,318	39,448
Royalty income	108,752	35,174
Interest income from deposit placed with a life insurance company	28,135	—
Interest income from pledged deposit	7,622	—
Interest income from bank	801	111
Government subsidies (note)	16,181	—
Other income	6,417	5,499
	198,226	80,232

Note: Government subsidies are awarded to the Group by the government authority. No condition have been applied on such government subsidies from the government authority.

8. OTHER LOSSES, NET

	2019 US$	2018 US$
Impairment losses on trade and other receivables, net	(7,052)	(25,332)
Initial recognition loss on measurement of deposit placed with a life insurance company	(279,666)	—
Gain on termination of lease	10,425	—
Waive of trade payables to a supplier	70,180	—
	(206,113)	(25,332)

9. FINANCE COSTS

	2019 US$	2018 US$
Interest on lease liabilities	21,870	—
Interest on borrowings	461,500	229,650
	483,370	229,650

10. INCOME TAX EXPENSE

	2019 US$	2018 US$
Current tax		
Provision for the year	21,853	149,096
Deferred tax expense (note 29)	187,049	109,589
	208,902	258,685

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 31 December 2019 and 2018. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2019 and 2018 as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2019 and 2018.

Other jurisdictions mainly included the Singapore and the United States. Taxation arising in other jurisdictions of which the Singapore is at 17% (2018: 17%) and United States is at 21% (2018: 21%) is calculated at the rates prevailing in the respective jurisdictions.

10. INCOME TAX EXPENSE (CONTINUED)

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 years ended 31 December 2019 and 2018.

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	2019 US$	2018 US$
(Loss)/profit before income tax	(554,284)	2,326,955
Tax at the applicable domestic tax rate of respective companies	(82,876)	419,605
Tax effect of income not taxable for tax purpose	(18,763)	—
Tax effect of expenses not deductible for tax purpose	395,828	142,194
Tax effect of previously unutilised capital allowances	—	(224,363)
Tax incentives	—	(13,062)
Others	(85,287)	(65,689)
Income tax expense	208,902	258,685

11. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging the following:

	2019 US$	2018 US$
Cost of inventories recognised as expense	10,547,901	7,592,042
Auditor's remuneration	420,000	220,000
Operating lease expenses	—	543,597
Directors' emoluments	1,258,672	840,451
Staff costs including directors' emoluments		
Salaries, bonus and allowances	2,661,654	2,987,609
Equity-settled share-based payments	592,813	163,363
Retirement benefits scheme contributions	107,075	199,848
	3,361,542	3,350,820
Depreciation of property, plant and equipment	2,103,891	1,765,063
Depreciation of right-of-use assets	129,858	—
Amortisation of intangible assets	2,034,809	1,574,274

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

(a) The emoluments of each director were as follows:

	Fees US$	Salaries US$	Discretionary bonuses US$	Allowances and benefits in lieu US$	Share-based payment US$	Retirement benefits scheme contributions US$	Total US$
Executive Directors							
David Doust	–	266,731	–	–	114,858	–	381,589
Ng Chern Ann	–	208,221	–	–	114,858	9,102	332,181
Koh Zheng Kai	–	156,168	–	–	43,108	11,378	210,654
	–	631,120	–	–	272,824	20,480	924,424
Non-Executive Director							
Chua Oon Kian	36,000	–	–	–	47,562	–	83,562
	36,000	–	–	–	47,562	–	83,562
Independent Non-executive Directors							
Seow Chow Loong	36,000	–	–	–	47,562	–	83,562
Tan Lip-Keat	36,000	–	–	–	47,562	–	83,562
Chong Pheng	36,000	–	–	–	47,562	–	83,562
	108,000	–	–	–	142,686	–	250,686
Total for 2019	144,000	631,120	–	–	463,072	20,480	1,258,672

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

(a) The emoluments of each director were as follows: (Continued)

	Fees US$	Salaries US$	Discretionary bonuses US$	Allowances and benefits in lieu US$	Share-based payment US$	Retirement benefits scheme contributions US$	Total US$
Executive Directors							
David Doust	—	190,026	—	—	29,803	—	219,829
Ng Chern Ann	—	206,975	—	—	29,803	9,248	246,026
Koh Zheng Kai	—	145,059	—	—	11,265	9,248	165,572
	—	542,060	—	—	70,871	18,496	631,427
Non-Executive Director							
Chua Oon Kian	36,000	—	—	—	16,256	—	52,256
	36,000	—	—	—	16,256	—	52,256
Independent Non-executive Directors							
Seow Chow Loong	36,000	—	—	—	16,256	—	52,256
Tan Lip-Keat	36,000	—	—	—	16,256	—	52,256
Chong Pheng	36,000	—	—	—	16,256	—	52,256
	108,000	—	—	—	48,768	—	156,768
Total for 2018	144,000	542,060	—	—	135,895	18,496	840,451

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included 3 (2018: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 2 (2018: 2) individuals are set out below:

	2019 US$	2018 US$
Salaries and allowance	520,006	269,244
Share-based payment	129,741	27,468
	649,747	296,712

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
HK$1,000,001 to HK$1,500,000	—	2
HK$1,500,001 to HK$2,000,000	1	—
HK$2,500,001 to HK$3,000,000	1	—

During the year, no emoluments were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

14. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic loss (2018: earnings) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of US$763,186 (2018: profit attributable to owners of the Company of US$2,068,270) and the weighted average number of ordinary shares of 1,806,000,000 (2018: 1,806,000,000) in issue during the year.

Diluted (loss)/earnings per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2019 and 2018.

15. PROPERTY, PLANT AND EQUIPMENT

	Art, painting & sculpts	Computer equipment	Displays, moulds & tools	Furniture and fixtures	Motor vehicles	Office units	Furniture fittings and equipment	Total
	US$	US$	US$	US$	US$	US$	US$	US$
COST								
At 1 January 2018	4,012,345	323,369	4,015,610	356,333	189,235	4,612,532	252,475	13,761,899
Additions	2,441,218	42,739	530,639	—	—	2,357	61,834	3,078,787
At 31 December 2018 and 1 January 2019	6,453,563	366,108	4,546,249	356,333	189,235	4,614,889	314,309	16,840,686
Additions	2,389,847	44,103	1,395,260	11,027	—	—	125,229	3,965,466
At 31 December 2019	8,843,410	410,211	5,941,509	367,360	189,235	4,614,889	439,538	20,806,152
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2018	752,340	85,862	1,754,997	70,069	19,385	27,990	18,919	2,729,562
Charge for the year	631,244	65,340	823,683	65,593	36,344	92,364	50,495	1,765,063
At 31 December 2018 and 1 January 2019	1,383,584	151,202	2,578,680	135,662	55,729	120,354	69,414	4,494,625
Charge for the year	917,990	72,474	830,257	76,514	33,378	92,380	80,898	2,103,891
At 31 December 2019	2,301,574	223,676	3,408,937	212,176	89,107	212,734	150,312	6,598,516
CARRYING AMOUNTS								
At 31 December 2019	6,541,836	186,535	2,532,572	155,184	100,128	4,402,155	289,226	14,207,636
At 31 December 2018	5,069,979	214,906	1,967,569	220,671	133,506	4,494,535	244,895	12,346,061

Notes:

The Group's office units with total carrying amounts of approximately US$4,402,155 as at 31 December 2019 (2018: US$4,494,535) have been pledged to a bank for credit facilities granted to the Group (note 25).

As at 31 December 2019 and 2018, the Group carried out reviews of the recoverable amount of its property, plant and equipment as a result of the deterioration of the market conditions. No impairment loss on property, plant and equipment has been recognised during the years ended 31 December 2019 and 2018.

16. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2019 US$
At 31 December:	
Right-of-use assets	
— Warehouses	120,586
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:	
— Less than 1 year	33,461
— Between 1 and 2 years	30,619
— Between 2 and 5 years	72,684
	136,764
Year ended 31 December:	
Depreciation of right-of-use assets	
— Warehouse	129,858
Lease interests	21,870
Additions to right-of-use assets	136,504
Termination of lease	1,342,748
Total cash outflow for leases	137,238

The Group leases various warehouses. Lease agreements are typically made for fixed periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

17. INTANGIBLE ASSETS

	Intellectual property rights US$	Product development costs US$	Computer software US$	Total US$
COST				
At 1 January 2018	9,664,008	3,371,206	640,402	13,675,616
Additions	300,000	2,412,350	518,760	3,231,110
At 31 December 2018 and 1 January 2019	9,964,008	5,783,556	1,159,162	16,906,726
Additions	248,254	1,137,413	26,745	1,412,412
At 31 December 2019	10,212,262	6,920,969	1,185,907	18,319,138
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2018	1,505,555	526,107	171,930	2,203,592
Amortisation for the year	741,719	673,508	159,047	1,574,274
At 31 December 2018 and 1 January 2019	2,247,274	1,199,615	330,977	3,777,866
Amortisation for the year	768,788	1,044,526	221,495	2,034,809
At 31 December 2019	3,016,062	2,244,141	552,472	5,812,675
CARRYING AMOUNTS				
At 31 December 2019	7,196,200	4,676,828	633,435	12,506,463
At 31 December 2018	7,716,734	4,583,941	828,185	13,128,860

18. DEPOSIT PLACED WITH A LIFE INSURANCE COMPANY

	2019 US$	2018 US$
Deposit placed with a life insurance company — due after one year	1,188,890	—

During the year ended 31 December 2019, the Group entered into life insurance policies with an insurance company to insure two executive directors. Under the policy, the beneficiary and policy holder is the Company and the total insured sum is approximately US$4,000,000. At inception of the life insurance policy, the Group is granted the loan by the bank (note 25) of US$1,440,421 to place deposit with a life insurance company.

The insurance company will pay the Group a guaranteed interest rate of 4.25% per annum, which is also the effective interest rate for the deposit placed on initial recognition, determined by discounting the estimated future cash receipts through the expected life of the insurance policy of 20 years, excluding the financial effect of surrender charge.

The Directors considered that the possibility of terminating the policy during the 1st to 20th policy year was low and the expected life of the life insurance policy remained unchanged since the initial recognition, accordingly, the difference between the carrying amount of deposit placed with a life insurance company as at inception date and the gross premium paid plus accumulated interest earned and minus the insurance premium charge of the life insurance policy is insignificant.

19. INVENTORIES

	2019 US$	2018 US$
Trading merchandise	2,010,838	3,567,678

20. TRADE AND OTHER RECEIVABLES

	2019 US$	2018 US$
Trade receivables	1,853,234	1,020,574
Provision for loss allowance	(32,384)	(25,332)
	1,820,850	995,242
Other receivables	113,260	110,000
	1,934,110	1,105,242

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

During the years ended 31 December 2019 and 2018, the Group granted credit terms of 0 to 60 days to its customers.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2019 US$	2018 US$
1–30 days	547,289	489,629
31–90 days	285,111	338,499
91–180 days	—	47,870
181–365 days	988,450	119,244
	1,820,850	995,242

Reconciliation of loss allowance for trade receivables:

	2019 US$	2018 US$
At beginning of year	25,332	34,597
Provision of loss allowance, net	7,052	25,332
Written-off	—	(34,597)
At end of year	32,384	25,332

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Within 30 days	Over 30 days past due	Over 90 days past due	Over 180 days past due	Total
At 31 December 2019					
Weighted average expected loss rate	—	—	—	3%	
Receivable amount (US$)	547,289	285,111	—	1,020,834	1,835,234
Loss allowance (US$)	—	—	—	32,384	32,384

	Within 30 days	Over 30 days past due	Over 90 days past due	Over 180 days past due	Total
At 31 December 2018					
Weighted average expected loss rate	2%	2%	2%	6%	
Receivable amount (US$)	499,791	345,525	48,864	126,394	1,020,574
Loss allowance (US$)	10,162	7,026	994	7,150	25,332

21. PREPAYMENTS AND DEPOSITS

	2019 US$	2018 US$
Advances to suppliers	6,163,403	3,749,291
Prepaid royalties and game development costs	524,322	460,505
Other prepayments	97,437	545,843
Deposits	77,629	106,601
	6,862,791	4,862,240

22. PLEDGED DEPOSIT AND BANK AND CASH BALANCES

The Group's pledged deposit represented deposit pledged to bank to secure banking facilities granted to the Group as set out in note 25 to the consolidated financial statements. The deposit is in US$ and at fixed interest rate of 1.31% p.a..

As at 31 December 2019, the bank and cash balances of the Group denominated in Renminbi ("**RMB**") amounted to US$8,847 (2018: Nil). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

23. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice dates, is as follows:

	2019 US$	2018 US$
Less than 60 days	—	429
Over 120 days	—	71,956
	—	72,385

24. ACCRUALS AND OTHER PAYABLES

	2019 US$	2018 US$
Other payables to a supplier of intellectual property rights	—	624,128
Accruals for professional service fees in respect of transfer of listing status from GEM to Main Board	1,149,903	107,300
Accruals for audit fee	420,000	220,000
Other accrued operating expenses	102,579	137,395
	1,672,482	1,088,823

25. BORROWINGS

	2019 US$	2018 US$
Bank borrowings	10,350,664	8,268,223
Bank overdraft	—	5,031
	10,350,664	8,273,254

The borrowings are repayable as follows:

	2019 US$	2018 US$
On demand or within one year	6,634,444	3,864,897
In the second year	713,275	579,200
In the third to fifth years, inclusive	768,021	1,017,223
After five years	2,234,924	2,811,934
	10,350,664	8,273,254
Less: Amount due for settlement within 12 months (shown under current liabilities)	(6,634,444)	(3,864,897)
Amount due for settlement after 12 months	3,716,220	4,408,357

25. BORROWINGS (CONTINUED)

As at 31 December 2019, including in the bank borrowings, trade loans amounting to US$4,979,845 (2018: US$3,267,610) mature until 2020 and bear interest at rates at the bank's prevailing 1-month Cost of Funds +3.5% and the London Inter-bank Offered Rate +2.5%.

As at 31 December 2019, including in the trade loans of US$4,979,845, the amount of US$4,399,138 (2018: Nil) are secured by an assignment of life insurance (note 18) and the remaining amount of US$580,707 (2018: US$980,197) are secured by first mortgage over the Group's office units, a corporate guarantee from the Company, and a charge over all fixed deposits placed with the bank.

As at 31 December 2019, including in the bank borrowings, universal life insurance loan (the "**ULI**") amounting to US$941,325 (2018: Nil) bear interest at rates at one month London Inter-bank Offered Rate (LIBOR) + 0.75%. The principals of the loans are repayable by 84 monthly installments, however, the bank has the ability to demand repayment at any time which will not be affected by the payment schedule.

As at 31 December 2019, the total amount of ULI (2018: Nil) are secured by an assignment of life insurance (note 18).

As at 31 December 2019, including in the bank borrowings, the amount of US$3,119,212 (2018: US$3,207,462) mature until 2037 and bear interest at rates between 2.38% to 2.78% annually for the first two years and at Singapore Interbank Offered Rate +3% for the remaining tenures. On 20 November 2019, including in the amount of US$3,119,212, the Company has revised the terms of its bank borrowing amounting to US$1,642,010, with effect from 1 December 2019, the interest rate shall be fixed at 2.35% for the subsequent two years and at prevailing Enterprise Financing Rate for the remaining tenures.

As at 31 December 2019, the total amount of US$3,119,212 (2018: US$3,207,463) are secured by first mortgage over the Group's office units, a corporate guarantee from the Company, and a charge over all fixed deposit placed with the bank.

As at 31 December 2019, including in the bank borrowings, the amount of US$1,310,282 (2018: US$1,793,151) mature until 2022 and bear interest at a rate at the bank's prevailing 1-month Cost of Funds +3.5%.

As at 31 December 2019, including in the amount of US$1,310,282 (2018: US$1,793,151), the amount of bank borrowings US$704,314 (2018: US$976,961) are secured by first mortgage over the Group's office units, a corporate guarantee from the Company, and a charge over all fixed deposit placed with the bank, and the remaining amount of US$605,968 (2018: US$816,190) is secured by first debenture fixed and floating charge on the Group's assets and undertakings and corporate guarantees from the Company and its subsidiary.

26. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company is unsecured, interest-free and repayable on demand.

27. CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 31 December 2019 US$	As at 31 December 2018 US$	As at 1 January 2018 US$
Contract liabilities	2,930,075	3,691,363	3,265,709
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
— 2019	—	3,691,363	
— 2020	2,930,075	—	
	2,930,075	3,691,363	

Significant changes in contract liabilities during the year:

	2019 Contract liabilities US$	2018 Contract liabilities US$
Increase due to operations in the year	15,860,490	15,829,899
Transfer of contract liabilities to revenue	(16,621,778)	(15,404,245)

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers.

28. LEASE LIABILITIES

	Lease payments As at 31 December 2019 US$	Present value of lease payments As at 31 December 2019 US$
Within one year	33,461	28,716
In the second to fifth years, inclusive	103,303	96,006
	136,764	
Less: Future finance charges	(12,042)	
Present value of lease liabilities	124,722	124,722
Less: Amount due for settlement within 12 months (shown under current liabilities)		(28,716)
Amount due for settlement after 12 months		96,006

28. LEASE LIABILITIES (CONTINUED)

At 31 December 2019, the average effective borrowing rate was 4.25%. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

29. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group:

	Accelerated tax depreciation
	US$
At 1 January 2018	1,853,837
Charge to consolidated profit or loss	109,589
At 31 December 2018 and 1 January 2019	1,963,426
Charge to consolidated profit or loss	187,049
At 31 December 2019	2,150,475

30. SHARE CAPITAL

	Number of shares of the Company	**Share capital**
		US$
Authorised		
Ordinary share capital of HK$0.00005 each at 31 December 2019 and 2018	7,600,000,000	49,147
Issued and fully paid		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	1,806,000,000	11,700

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

31. SHARE-BASED PAYMENTS

The share option scheme (the "**Share Option Scheme**") is designed to provide long-term incentives for senior management and above (including executive directors) to deliver long-term shareholder returns. Under the Share Option Scheme, participants are granted options which vest over a period of 1 to 3 years, Participation in the scheme is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Once vested, the options remain exercisable until the expiry of the validity period.

The following tables disclose the movements in the Company's number of share options during the years:

For the year ended 31 December 2019

	Position held in the Company	Outstanding at 1 January 2019	Grant during the year	Outstanding at 31 December 2019	Grant date	Validity period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price
Mr. NG Chern Ann	Executive Director	5,115,000	—	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	Hong Kong Dollars ("**HK$**") 0.232
		5,115,000	—	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,270,000	—	5,270,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. David DOUST	Executive Director	5,115,000	—	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,115,000	—	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,270,000	—	5,270,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. KOH Zheng Kai	Executive Director	1,933,333	—	1,933,333	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		1,933,333	—	1,933,333	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		1,933,334	—	1,933,334	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. Frederick CHUA Oon Kian	Non-executive Director	2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. CHONG Pheng	Independent Non-executive Director	2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. SEOW Chow Loong Iain	Independent Non-executive Director	2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. TAN Lip-Keat	Independent Non-executive Director	2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		2,790,000	—	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. David PRETI	Employee	5,166,666	—	5,166,666	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,166,666	—	5,166,666	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,166,668	—	5,166,668	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. Eric Lang	Employee	—	8,500,000	8,500,000	25/9/2019	25/9/2019 to 24/9/2029	25/9/2020 to 24/9/2029	HK$0.110
		—	8,500,000	8,500,000	25/9/2019	25/9/2019 to 24/9/2029	20/9/2021 to 24/9/2029	HK$0.110
		74,620,000	17,000,000	91,620,000				
Exercisable at the end of the year				28,489,999				
Weighted average exercise price (HK$)				0.209				
Weighted average remaining contractual life of options outstanding at the end of the year				8.64 years				

31. SHARE-BASED PAYMENTS (CONTINUED)

For the year ended 31 December 2018

	Position held in the Company	Outstanding at 1 January 2018	Grant during the year	Outstanding at 31 December 2018	Grant date	Validity period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price
Mr. NG Chern Ann	Executive Director	—	5,115,000	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	5,115,000	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		—	5,270,000	5,270,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. David DOUST	Executive Director	—	5,115,000	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	5,115,000	5,115,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		—	5,270,000	5,270,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. KOH Zheng Kai	Executive Director	—	1,933,333	1,933,333	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	1,933,333	1,933,333	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		—	1,933,334	1,933,334	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. Frederick CHUA Oon Kian	Non-executive Director	—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. CHONG Pheng	Independent Non-executive Director	—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. SEOW Chow Loong Iain	Independent Non-executive Director	—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. TAN Lip-Keat	Independent Non-executive Director	—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	2,790,000	2,790,000	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. David PRETI	Employee	—	5,166,666	5,166,666	13/8/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		—	5,166,666	5,166,666	13/8/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		—	5,166,668	5,166,668	13/8/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
		—	74,620,000	74,620,000				
Exercisable at the end of the year				—				
Weighted average exercise price (HK$)				0.232				
Weighted average remaining contractual life of options outstanding at the end of the year				9.62 years				

These fair value were calculated using binominal option pricing model. The inputs into the model are as follows:

	2019	2018
Valuation date	25/9/2019	13/8/2018
Expected volatility	41.009%	50.096%
Expected life	9 years	10 years
Risk free rate	1.143%	2.104%
Expected dividend yield	0.000%	0.000%
Underlying stock price	HK$0.110	HK$0.232
Fair value of share option	HK$816,000	HK$8,870,000

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES OF THE COMPANY

	2019 US$	2018 US$
Non-current assets		
Investment in subsidiaries	14,100,989	11,219,211
Deposit placed with a life insurance company	1,188,890	—
	15,289,879	11,219,211
Current assets		
Deposits and prepayments	3,014,186	2,312,413
Amounts due from subsidiaries	10,872,951	11,449,106
Cash and cash equivalents	44,788	128,285
	13,931,925	13,889,804
Current liabilities		
Accruals and other payables	1,589,903	327,300
Amount due to ultimate holding company	3	3
Borrowings	5,340,462	2,287,413
	6,930,368	2,614,716
Net current assets	7,001,557	11,275,088
Total assets less current liabilities	22,291,436	22,494,299
Net assets	22,291,436	22,494,299
Capital and reserves		
Share capital	11,700	11,700
Reserve	22,279,736	22,482,599
Total equity	22,291,436	22,494,299

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES OF THE COMPANY (CONTINUED)

The followings are the movements of the Company's reserve:

	Capital reserves US$	Share premium US$	Share-based compensation reserve US$	Accumulated losses US$	Total US$
At 1 January 2018	54,193,547	12,384,133	—	(46,388,612)	20,189,068
Profit and total comprehensive income for the year	—	—	—	2,130,168	2,130,168
Recognition of equity-settled share-based payments	—	—	163,363	—	163,363
At 31 December 2018 and 1 January 2019	**54,193,547**	**12,384,133**	**163,363**	**(44,258,444)**	**22,482,599**
Loss and total comprehensive loss for the year	**—**	**—**	**—**	**(795,676)**	**(795,676)**
Recognition of equity-settled share-based payments	**—**	**—**	**592,813**	**—**	**592,813**
At 31 December 2019	**54,193,547**	**12,384,133**	**756,176**	**(45,054,120)**	**22,279,736**

33. COMMITMENTS

Operating lease commitments — as lessee

At 31 December 2018, the Group had future minimum lease payments under non-cancellable operating leases which fall due within:

	2018 US$
No later than 1 year	544,927
Later than 1 year and no later than 5 years	1,283,006
	1,827,933

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated in a range from 1 year to 5 years. No arrangements have been entered into for contingent rental payments.

34. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

Compensation of key management personnel:

	2019 US$	2018 US$
Salaries and allowances	1,295,126	955,304
Share-based payment	592,813	163,363
Contributions to retirement benefits schemes	20,480	18,496
	1,908,419	1,137,163

Further details of the director's emoluments are included in note 12.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follow:

Name of subsidiary	Place of incorporation	Issued and paid-up capital	Percentage of ownership interest/voting power		Principal activities
			2019	2018	
CMON Production Limited	British Virgin Islands	US$1	100%	100%	Investment holding
CMON Global Limited	Cayman Island	US$1	100%	100%	Publishing and sale of tabletop hobby games
CMON Pte. Ltd.	Singapore	US$500,000	100%	100%	Publishing and sale of tabletop hobby games
CMON Inc.	United States ("**USA**")	US$1	100%	100%	Distribution of tabletop hobby games
CMON Conventions Inc.	USA	US$1	100%	100%	Organisation of game conventions
CMON Games Inc.	Canada	Canada Dollar 100	100%	100%	Provision of sales administrative services
CMON Hong Kong Limited	Hong Kong	HK$1	100%	100%	Dormant
Geekfunder Inc.	USA	US$100	100%	100%	Dormant
佛山戲夢桌游貿易有限公司	PRC	US$250,000	100%	100%	Provision of sales administrative service

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Borrowings US$	Lease liabilities US$	Total liabilities from financing activities US$
At 1 January 2018	3,405,956	—	3,405,956
Changes in cash flows			
New bank borrowings raised	5,500,000	—	5,500,000
Repayment of bank borrowings	(632,702)	—	(632,702)
Interest paid	(229,650)	—	(229,650)
Non-cash changes			
Interest expenses (note 9)	229,650	—	229,650
At 31 December 2018 and 1 January 2019, as previously reported	8,273,254	—	8,273,254
Effect of changes in accounting policies	—	1,454,644	1,454,644
At 1 January 2019, as restated	**8,273,254**	**1,454,644**	**9,727,898**
Changes in cash flows			
New bank borrowings raised	**15,410,529**	**—**	**15,410,529**
Repayment of bank borrowings	**(13,333,119)**	**—**	**(13,333,119)**
Repayment of lease liabilities	**—**	**(115,368)**	**(115,368)**
Interest paid	**(461,500)**	**—**	**(461,500)**
Lease interest paid	**—**	**(21,870)**	**(21,870)**
Non-cash changes			
Increase from addition of right-of-use assets	**—**	**136,504**	**136,504**
Interest expenses (note 9)	**461,500**	**21,870**	**483,370**
Cancellation of lease agreement	**—**	**(1,353,173)**	**(1,353,173)**
Exchange difference	**—**	**2,115**	**2,115**
At 31 December 2019	**10,350,664**	**124,722**	**10,475,386**

37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new reclassification of the accounting items was considered to provide a more appropriate presentation to reflect the consolidated financial results and consolidated position of the Group.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 November 2020.

FINANCIAL SUMMARY

	Year ended 31 December				
	2015	2016	2017	2018	**2019**
	US$	US$	US$	US$	**US$**
Revenue	17,185,355	20,964,135	29,816,740	28,207,411	**30,460,303**
Gross Profit	8,808,117	10,704,260	14,384,324	14,801,842	**14,605,352**
(Loss)/profit before income tax	2,669,084	1,877,778	4,347,929	2,326,955	**(554,284)**
(Loss)/profit and total comprehensive (loss)/ income for the year attributable to equity holders of the Company	1,826,095	1,017,620	3,495,625	2,046,945	**(763,186)**

	As at 31 December				
	2015	2016	2017	2018	**2019**
	US$	US$	US$	US$	**US$**
Total assets	16,565,359	25,758,839	33,218,182	38,059,880	**39,796,679**
Total liabilities	7,973,669	9,053,696	13,017,414	15,565,581	**17,505,243**
Total equity	8,591,690	16,705,143	20,200,768	22,494,299	**22,291,436**