



CMON Limited

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

INTERIM REPORT

2020

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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. 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. Chong Pheng

Mr. Choy Man
(appointed on 15 June 2020)

Remuneration Committee

Mr. Chong Pheng *(Chairman)*

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. 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

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.

INTERIM RESULTS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

| | | Six months ended 30 June | |
|---|--------------|---------------------------------|-------------|
| | | 2020 | 2019 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | US\$ | US\$ |
| Revenue | 2, 3 | 11,915,693 | 12,820,010 |
| Cost of sales | | (6,921,777) | (6,948,961) |
| | | <hr/> | <hr/> |
| Gross profit | | 4,993,916 | 5,871,049 |
| Other income | | 206,025 | 236,533 |
| Other gain/(loss), net | 5 | 111,053 | (297,843) |
| Selling and distribution expenses | | (2,247,900) | (2,216,477) |
| General and administrative expenses | | (3,164,757) | (3,351,542) |
| | | <hr/> | <hr/> |
| Operating (loss)/profit | | (101,663) | 241,720 |
| — Professional service fees in respect of the application for the transfer listing of shares of the Company from GEM to Main Board (the “ Transfer of Listing ”) Finance costs | | — | (1,053,546) |
| | | (197,098) | (270,225) |
| | | <hr/> | <hr/> |
| Loss before income tax | | (298,761) | (1,082,051) |
| Income tax expense | 6 | (291,011) | (65,562) |
| | | <hr/> | <hr/> |
| Loss for the period attributable to equity holders of the Company | 4 | (589,772) | (1,147,613) |
| Other comprehensive loss | | | |
| Items that may be reclassified to profit or loss | | | |
| Exchange difference on translation on foreign operations | | (232) | (2,349) |
| | | <hr/> | <hr/> |
| Other comprehensive loss, net of tax | | (232) | (2,349) |
| | | <hr/> | <hr/> |
| Loss and total comprehensive loss for the period attributable to equity holders of the Company | | (590,004) | (1,149,962) |
| | | <hr/> | <hr/> |
| Loss per share attributable to equity holders of the Company during the period | | | |
| Basic and diluted | 7 | (0.00033) | (0.00064) |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

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

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

Notes

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2020*

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

(a) Application of new and amendments to IFRSs

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

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

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

2. SEGMENT INFORMATION

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

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

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

3. REVENUE

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

4. LOSS FOR THE PERIOD

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

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

5. OTHER GAIN/(LOSS), NET

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

6. INCOME TAX EXPENSE

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

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

7. LOSS PER SHARE

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

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

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

8. INTERIM DIVIDEND

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

9. PROPERTY, PLANT AND EQUIPMENT

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

10. INTANGIBLE ASSETS

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

11. TRADE AND OTHER RECEIVABLES

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

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

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

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

12. SHARE CAPITAL AND SHARE PREMIUM

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

13. RELATED PARTY TRANSACTION

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

(a) Balances with related party

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

| Name | Relationship with the Group |
|-----------------------|------------------------------------|
| CMON Holdings Limited | Ultimate holding company |

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

(b) Key management compensation

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Model and Business Overview

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

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

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

Long-Term Strategies and Outlook

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

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

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

Financial Review

Revenue

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

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

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Selling and Distribution Expenses

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

General and Administrative Expenses

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

Income Tax Expenses

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

TREASURY POLICIES

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

CAPITAL STRUCTURE

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

NEW GAMES AND THEIR IMPACT ON THE FINANCIAL PERFORMANCE

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

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

INFORMATION ON EMPLOYEES

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

CHARGES ON ASSETS

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

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

GEARING RATIO

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

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

EXPOSURE TO FOREIGN EXCHANGE

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

CONTINGENT LIABILITIES

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

EVENTS OCCURRED AFTER 30 JUNE 2020

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

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

INTERIM DIVIDEND

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

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 OF THE COMPANY

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

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

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

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

NOMINATION COMMITTEE

The Nomination Committee currently comprises three members, namely Mr. Choy Man (chairman), Mr. Chong Pheng, and Mr. Wong Yu Shan Eugene. All three members 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.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Chong Pheng (chairman), Mr. Wong Yu Shan Eugene and Mr. Choy Man. All three members 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 associates (as defined in the Listing Rules) is involved in deciding his own remuneration.

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, 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) that 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.

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's 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, Pricewaterhouse Coopers, 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 six months ended 30 June 2020. Please refer to the section headed "Management Discussion and Analysis — Events occurred after 30 June 2020" 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 interim 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.

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

As at 30 June 2020, 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 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 |

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 30 June 2020, 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 30 June 2020, 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 30 June 2020, 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 30 June 2020, Mr. Preti was beneficially interested in 15,500,000 Share Options.

Save as disclosed above, as at 30 June 2020, 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 interim report.

- (iii) No option shall be granted to any eligible person under the Share Option Scheme if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue unless such further grant has been separately approved by Shareholders in general meeting in accordance with the Listing Rules and with such grantee and his close associates (or associates if he is a connected person) abstained from voting.
- (iv) An offer of grant of an option shall remain open for acceptance by an eligible person for a period of not less than 21 days from the date on which the offer was issued or the date on which the conditions (if any) for the offer are satisfied, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme.
- (v) A consideration of HK\$1.00 is payable to the Company by the eligible person for each acceptance of grant of option(s) and such consideration is not refundable.
- (vi) The exercise price in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board and notified to an eligible person, and shall be at least the highest of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (2) the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (3) the nominal value of a share on the date of grant.
- (vii) The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, subject to early termination by the Company in general meeting or by the Board, and the remaining life of this scheme is around 6 years.

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

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.

As of 30 June 2020, 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.

Particulars of the Share Options under the Share Option Scheme and their movements during the six months ended 30 June 2020 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 2020 | Granted during the period | Exercised during the period | Lapsed/ cancelled during the period | As at 30 June 2020 |
| Directors | | | | | | | | |
| Ng Chern Ann | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 1)</i> | 15,500,000 | — | — | — | 15,500,000 |
| David Doust | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 1)</i> | 15,500,000 | — | — | — | 15,500,000 |
| Koh Zheng Kai | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 1)</i> | 5,800,000 | — | — | — | 5,800,000 |
| Frederick Chua Oon Kian | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 2)</i> | 5,580,000 | — | — | — | 5,580,000 |
| Chong Pheng | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 2)</i> | 5,580,000 | — | — | — | 5,580,000 |
| Former Directors | | | | | | | | |
| Seow Chow Loong Iain | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 2)</i> | 5,580,000 | — | — | — | 5,580,000 |
| Tan Lip-Keat | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 2)</i> | 5,580,000 | — | — | — | 5,580,000 |
| Employees of the Group | | | | | | | | |
| In aggregate | 13/08/2018 | 0.232 | 13/08/2018–12/08/2028 <i>(Note 1)</i> | 15,500,000 | — | — | — | 15,500,000 |
| | 25/09/2019 | 0.112 | 25/09/2019–24/09/2029 <i>(Note 3)</i> | 17,000,000 | — | — | — | 17,000,000 |
| Grand Total: | | | | 91,620,000 | — | — | — | 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 30 June 2020, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2020 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

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

Singapore, 27 November 2020