



CMON Limited

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

INTERIM REPORT

2022

CONTENTS

- 2 Corporate Information**
- 4 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**
- 5 Condensed Consolidated Statement of Financial Position**
- 7 Condensed Consolidated Statement of Changes in Equity**
- 8 Condensed Consolidated Statement of Cash Flows**
- 9 Notes to the Condensed Consolidated Financial Statements**
- 17 Management Discussion and Analysis**
- 22 Corporate Governance and Other Information**

CORPORATION INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Mr. David Doust
(Joint Chief Executive Officer)

Mr. David Preti
(appointed on 22 April 2022)

Mr. Koh Zheng Kai

Non-executive Director

Mr. Frederick Chua Oon Kian

Independent Non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

AUTHORISED REPRESENTATIVES

Ms. Ng Sau Mei
Mr. Koh Zheng Kai

COMPANY SECRETARY

Ms. Ng Sau Mei

LEGAL ADVISER

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

AUDITOR

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

REGISTERED OFFICE

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

**HEADQUARTERS AND
PRINCIPAL PLACE OF
BUSINESS**

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

**REGISTERED PLACE OF
BUSINESS IN HONG KONG**

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

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

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

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

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

PRINCIPAL BANKER

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

COMPANY'S WEBSITE

<http://cmon.com>

STOCK CODE

1792

DATE OF LISTING*

2 December 2016

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

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of CMON Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Notes</i>	US\$	US\$
Revenue	2, 3	15,192,007	15,111,314
Cost of sales		(8,320,159)	(8,480,456)
Gross profit		6,871,848	6,630,858
Other income		73,096	137,011
Other gain, net	5	4,975	16,301
Selling and distribution expenses		(2,508,956)	(2,833,282)
General and administrative expenses		(4,124,244)	(3,756,570)
Operating profit		316,719	194,318
Finance costs		(161,004)	(146,628)
Profit before income tax		155,715	47,690
Income tax expense	6	(21,356)	(11,969)
Profit after income tax	4	134,359	35,721
Other comprehensive gain/(loss)		4,022	(2,480)
Profit and total comprehensive gain for the period attributable to equity holders of the Company		138,381	33,241
Earnings per share attributable to equity holders of the Company during the period	7	0.00008	0.00002

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 (Unaudited) US\$	As at 31 December 2021 (Audited) US\$
ASSETS			
Non-current assets			
Property, plant and equipment	9	18,056,167	17,204,642
Intangible assets	10	11,251,781	10,682,672
Convertible bond loan issued by related party	13	280,000	—
Rights-of-use assets		422,290	358,564
		30,010,238	28,245,878
Current assets			
Inventories		2,306,231	1,401,512
Trade and other receivables	11	2,702,134	276,801
Prepayments and deposits		6,494,783	3,389,970
Pledged deposit		199,400	199,400
Cash and cash equivalents		2,934,961	3,090,120
		14,637,509	8,357,803
Total assets		44,647,747	36,603,681
EQUITY			
Share capital	12	11,700	11,700
Share premium		12,384,133	12,384,133
Retained earnings		4,235,335	4,100,976
Capital reserves		780,499	780,499
Share-based compensation reserves		881,459	881,459
Exchange reserves		(58,404)	(62,426)
Total equity		18,234,721	18,096,341

	As at 30 June 2022 (Unaudited) US\$	As at 31 December 2021 (Audited) US\$
LIABILITIES		
Non-current liabilities		
Bank Borrowings	5,757,930	5,094,193
Deferred income tax liabilities	2,029,804	2,394,887
Lease liabilities	377,211	306,767
	8,164,945	7,795,847
Current liabilities		
Trade payables	—	—
Accruals and other payables	296,202	427,459
Bank borrowings	3,233,025	3,216,344
Amount due to ultimate holding company	13 —	3
Income tax payable	261,721	43,051
Contract liabilities	14 14,369,270	6,919,605
Lease liabilities	87,863	105,031
	18,248,081	10,711,493
Total liabilities	26,413,026	18,507,340
Total equity and liabilities	44,647,747	36,603,681

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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 2022 (Audited)	11,700	12,384,133	4,100,976	780,499	881,459	(62,426)	18,096,341
Comprehensive income							
Profit for the period (unaudited)	—	—	134,359	—	—	—	134,359
Other comprehensive income (unaudited)	—	—	—	—	—	4,022	4,022
Employee share option granted (unaudited)	—	—	—	—	—	—	—
Total comprehensive income	—	—	134,359	—	—	4,022	138,381
At 30 June 2022 (Unaudited)	11,700	12,384,133	4,235,335	780,499	881,459	(58,404)	18,234,721
At 1 January 2021 (Audited)	11,700	12,384,133	3,594,517	780,499	910,304	(58,404)	17,622,749
Comprehensive income							
Profit for the period (unaudited)	—	—	35,721	—	—	—	35,721
Other comprehensive loss (unaudited)	—	—	—	—	—	(2,480)	(2,480)
Employee share option granted (unaudited)	—	—	—	—	—	—	—
Total comprehensive income/(loss)	—	—	35,721	—	—	(2,480)	33,241
At 30 June 2021 (Unaudited)	11,700	12,384,133	3,630,238	780,499	910,304	(60,884)	17,655,990

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
Net cash generated from operating activities	2,978,625	5,984,241
Net cash used in investing activities	(4,458,950)	(3,381,345)
Net cash generated from financing activities	1,321,144	333,627
Net (decrease)/increase in cash and cash equivalents	(159,181)	2,936,523
Cash and cash equivalents at beginning of period	3,090,120	509,585
Exchange difference	4,022	(2,480)
Cash and cash equivalents at end of the period	2,934,961	3,443,628

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

(a) Application of new and amendments to IFRSs

In the current period, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2021, 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 2021 which have not come into effect for the financial year beginning 1 January 2022, 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 2022 and 2021, revenue was earned from customers located in the following geographical areas:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
North America	6,579,987	8,625,784
Europe	4,783,310	4,520,081
Oceania	306,952	278,077
Asia	3,220,675	1,467,687
South America	301,082	219,686
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	15,192,007	15,111,314
	<hr/>	

3. REVENUE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
Sales of products	14,548,252	14,744,971
Shipping income in connection with sales of products	643,755	366,343
	<hr/>	
	15,192,007	15,111,314
	<hr/>	

4. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
Cost of inventories	6,220,675	6,272,249
Games development expenses	1,278,756	1,308,534
Merchant account fees	669,361	1,029,887
Depreciation	1,457,068	1,116,882
Amortisation	674,392	997,756
Convention expenses	57,594	995

5. OTHER GAIN, NET

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
Exchange gain	4,975	16,301
	4,975	16,301

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
Current income tax expense	21,356	—
Deferred tax expenses	—	11,969
	21,356	11,969

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

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
Profit for the period attributable to equity holders of the Company (US\$)	138,381	33,241
Weighted average number of ordinary shares in issue	1,806,000,000	1,806,000,000
Basic earnings per share (US\$)	0.00008	0.00002

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2022 and 2021.

8. INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment amounting to approximately US\$2.0 million (for the six months ended 30 June 2021: approximately US\$2.5 million).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2022, the Group spent approximately US\$1.0 million on acquisition of intangible assets (for the six months ended 30 June 2021: approximately US\$0.9 million).

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 (Unaudited) US\$	As at 31 December 2021 (Audited) US\$
Trade receivables	2,592,134	166,801
Less: Allowance for doubtful debt	—	—
	2,592,134	166,801
Other receivables	110,000	110,000
	2,702,134	276,801

During the six months ended 30 June 2022 and the year ended 31 December 2021, the Group granted credit terms of 0 to 30 days and 0 to 60 days to its customers, respectively.

As at 30 June 2022 and 31 December 2021, the ageing analysis of trade receivables by the date on which the respective sales invoices were issued is as follows:

	As at 30 June 2022 (Unaudited) US\$	As at 31 December 2021 (Audited) US\$
Less than 30 days	2,350,934	96,978
30 days to 90 days	188,400	57,600
91 days to 180 days	52,800	7,400
181 days to 365 days	—	4,823
Over 365 days	—	—
	2,592,134	166,801

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 2021, 31 December 2021,			
1 January 2022 and			
30 June 2022	7,600,000,000	49,147	—

	Number of shares of the Company	Share capital US\$	Share premium US\$
Issued and fully paid:			
At 1 January 2021,			
31 December 2021,			
1 January 2022 and			
30 June 2022	1,806,000,000	11,700	12,384,133

13. RELATED PARTY TRANSACTION

Related parties refer to entities to which the Group has the ability, directly or indirectly, to control or exercise significant influence in making financial and operating decisions, or directors or officers of the Group. In addition to those related party transactions and balance disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period.

(a) Balances with related party

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

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

As at 30 June 2022, the amount due to ultimate holding company was unsecured, interest-free, denominated in US\$ and repayable on demand. The related company issued a convertible bond for a loan of US\$280,000 and at an interest rate of 2% per annum.

(b) Key management compensation

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$	US\$
Wages and salaries	557,529	246,663
Directors' fees	72,000	90,000
Pension costs — defined contribution plans	102,088	9,205
	731,617	345,868

14. CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 30 June 2022 (Unaudited) US\$	As at 31 December 2021 (Audited) US\$
Contract liabilities	14,369,270	6,919,605

Significant changes in contract liabilities during the period:

	As at 30 June 2022 (Unaudited) US\$	As at 31 December 2021 (Audited) US\$
Increase due to operations during the period	14,769,860	19,579,856
Transfer of contract liabilities to revenue	(6,519,015)	(17,319,478)

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 114 games, comprising 108 board games, three miniature war games, two mobile games and one computer game.

Long-Term Strategies and Outlook

Our strategy is to achieve long-term growth through geographical diversification and product diversification. We remain focused on 1) expanding into the Asian markets, 2) marketing directly to end users and gamers, particularly in China and South East Asia and 3) strengthening our game design capabilities and licensing of good intellectual properties.

We strive to become a leading developer and publisher of quality tabletop games and are optimistic about the growth and development of the tabletop games industry. During the six months ended 30 June 2022, we launched two Kickstarter games, namely *Marvel Zombies — A Zombicide Game* and *Household* and raised approximately US\$8.9 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.

Financial Review

Revenue

Revenue increased by approximately 0.5% from approximately US\$15.1 million for the six months ended 30 June 2021 to approximately US\$15.2 million for the six months ended 30 June 2022, mainly due to more Kickstarter revenue recognized.

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

	Six months ended 30 June			
	2022 (Unaudited)		2021 (Unaudited)	
	US\$	%	US\$	%
Direct				
Kickstarter	6,389,008	42.1	6,054,949	40.1
Online store and game conventions	44,706	0.3	66,462	0.4
Mobile games	106	—	272	—
Wholesalers	8,758,187	57.6	8,989,631	59.5
Total	15,192,007	100.0	15,111,314	100.0

Cost of Sales

Our cost of sales decreased by 1.9% from approximately US\$8.5 million for the six months ended 30 June 2021 to approximately US\$8.3 million for the six months ended 30 June 2022. The decrease was mainly due to the decrease in cost of sales — amortization by approximately 32.5% from approximately US\$1.0 million for the six months ended 30 June 2021 to approximately US\$0.7 million for the six months ended 30 June 2022. During the period, we focused on releasing licensed games and spent less on acquiring IPs, resulting in the decrease in amortization.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 3.6% from approximately US\$6.6 million for the six months ended 30 June 2021 to approximately US\$6.9 million for the six months ended 30 June 2022, mainly due to the lower cost of amortization in cost of sales. This was because during the period, we focused on releasing licensed games and spent less on acquiring IPs, resulting in the decrease in amortization. Our gross profit margin increased from approximately 43.9% for the six months ended 30 June 2021 to approximately 45.2% for the six months ended 30 June 2022.

Other Income

Other income amounted to US\$137,011 and US\$73,096 for the six months ended 30 June 2021 and 2022, respectively, and the decrease was mainly due to a large amount of government subsidy received in 2021 because of the COVID-19 pandemic.

Selling and Distribution Expenses

Selling and distributing expenses amounted to approximately US\$2.8 million and approximately US\$2.5 million for the six months ended 30 June 2021 and 2022, respectively. There was decrease in merchant account fees and IT expenses. This was mainly due to the lower funding received via Paypal during the period, resulting in a reduction of US\$0.3 million in merchant account fees.

General and Administrative Expenses

Our general and administrative expenses for the six months ended 30 June 2021 were approximately US\$3.8 million and increased to approximately US\$4.1 million for the six months ended 30 June 2022, mainly due to the increase in depreciation expenses as we continued to invest in assets used to produce our games.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2022, we financed our operations mainly through cash generated from our internally generated funds and external borrowings.

As at 30 June 2022, the Group's total bank borrowings were approximately US\$9.0 million (31 December 2021: approximately US\$8.3 million), of which (i) approximately US\$2.8 million were denominated in Singapore dollars, with a tenor of 20 years and interests charged at fixed rates from drawdown date till the end of the second year from the respective dates of the banking facility letters and at floating rates for subsequent years; (ii) approximately US\$2.6 million were denominated in Singapore dollars, with a tenor of 4 years and interests charged at floating rates; and (iii) approximately US\$3.7 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\$2.8 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 2022, the Group's borrowings were repayable as follows:

	As at 30 June 2022 (Unaudited) US\$	As at 31 December 2021 (Audited) US\$
Within 1 year	3,233,025	3,216,344
Between 1 and 2 years	1,572,580	1,131,164
Between 2 and 5 years	2,187,415	1,862,759
Over 5 years	1,997,935	2,100,270
	<hr/>	
Total	8,990,955	8,310,537
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As at 30 June 2022 and 31 December 2021, we had total cash and cash equivalents and pledged deposit of approximately US\$3.1 million and approximately US\$3.3 million, respectively, which were cash at banks and on hand, denominated in United States dollars, Singapore dollars, Chinese renminbi and Hong Kong dollars.

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

TREASURY POLICIES

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

CAPITAL STRUCTURE

As at 30 June 2022, 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 reverses and other reverses.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2022, the Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

INFORMATION ON EMPLOYEES

As at 30 June 2022, the Group had 65 employees (30 June 2021: 64). 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 2022 amounted to approximately US\$1.8 million (for the six months ended 30 June 2021: approximately US\$1.6 million).

CHARGES ON ASSETS

As at 30 June 2022, properties with net book value of approximately US\$3.9 million were charged as collateral for bank borrowings.

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

GEARING RATIO

As at 30 June 2022, the Group had short-term and long-term bank borrowings of approximately US\$3.2 million and approximately US\$5.8 million, respectively (31 December 2021: approximately US\$3.2 million and approximately US\$5.1 million, respectively).

As at 30 June 2022, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 59.2% (31 December 2021: approximately 50.6%).

EXPOSURE TO FOREIGN EXCHANGE

The Group operates mainly out of Singapore and China, while its main customer base is located in the United States. As such, most of the Group's transactions are denominated in 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 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. Save as disclosed in this interim report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the six months ended 30 June 2022. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Ng Chern Ann is currently the chairman and was re-designated as a joint chief executive officer of the Company with the appointment of Mr. David Doust as joint chief executive officer of the Company on 23 January 2020. In view of Mr. Ng being one of the founders of the Group, and his responsibilities in corporate strategic planning and overall business development, the Board believes that it is in the interests of both the Group and the Shareholders to have Mr. Ng taking up both roles for effective management and business development. The Board also meets regularly 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 the balance of power and authorisations between the Board and the management of the Company. Now that Mr. Ng and Mr. Doust jointly execute the Group's development strategy and manage the Group's business operations, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman and joint chief executive officer is necessary.

Compliance with the Model Code by Directors in Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 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 2022.

Interim Dividend

The Board did not declare any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

Audit Committee and Review of the Interim Results

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

The Audit Committee has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group and discussed with them the unaudited condensed consolidated financial statements and interim report of the Group for the six months ended 30 June 2022, recommending their adoption by the Board.

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 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Name	Capacity/ Nature of Interest	Number of Underlying Shares (Unlisted and Physically Settled Equity Derivative) Interested ⁽⁵⁾	Total Number of Shares and Underlying Shares Interested	Long/ Short Position	Approximate Percentage of Shareholding in the Company (%)
Ng Chern Ann ⁽¹⁾ ("Mr. Ng")	Interest in controlled corporation/interest of a party to an agreement/ beneficial owner	31,000,000	727,198,463	Long	40.27
David Doust ⁽²⁾ ("Mr. Doust")	Interest in controlled corporation/ interest of a party to an agreement/ beneficial owner	31,000,000	727,198,463	Long	40.27
Frederick Chua Oon Kian ⁽³⁾ ("Mr. Chua")	Interest in controlled corporation/ beneficial owner	5,580,000	328,249,232	Long	18.18
David Preti ⁽⁴⁾ ("Mr. Preti")	Interest in controlled corporation/ beneficial owner	15,500,000	301,692,691	Long	16.71
Koh Zheng Kai	Beneficial Owner	5,800,000	5,800,000	Long	0.32

Notes:

- (1) The issued share capital of Cangsome Limited ("**CA SPV**") is wholly-owned by Mr. Ng. CA SPV is beneficially interested in 435,124,039 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 issued share capital of Magumaki Limited ("**DP SPV**") is wholly-owned by Mr. Preti. Therefore, Mr. Preti is deemed to be interested in the shares held by DP SPV by virtue of the SFO. As at 30 June 2022, Mr. Preti was beneficially interested in 15,500,000 Share Options.
- (5) The interests in the underlying shares represent interests in Share Options granted to the respective Directors to subscribe for shares.

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2022, 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	727,198,463	Long	40.27
DD SPV ⁽¹⁾	Beneficial owner/ interest of a party to an agreement	727,198,463	Long	40.27
Quantum Asset ⁽²⁾	Interest in controlled corporation	322,669,232	Long	17.87
Magic Carpet ⁽²⁾	Beneficial owner	322,669,232	Long	17.87
DP SPV ⁽³⁾	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 2022, CA SPV and DD SPV are beneficially interested in 435,124,039 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. Therefore, Mr. Preti is deemed to be interested in the shares held by DP SPV by virtue of the SFO.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares 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) abstaining 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 4 years and 3 months.

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

Particulars of the Share Options under the Share Option Scheme and their movements during the six months ended 30 June 2022 are set out below:

Grantees	Date of grant (dd/mm/yyyy)	Exercise price per share (HK\$)	Exercise period (dd/mm/yyyy)	Number of shares issuable under the Share Options				
				As at 1 January 2022	Granted during the period	Exercised during the period	Forfeited during the period	As at 30 June 2022
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
David Preti	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
Grand Total:				57,880,000	—	—	—	57,880,000

Notes:

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

As of 30 June 2022, no Share Options have been exercised, cancelled or lapsed. Therefore, a total of 146,860,000 shares, representing 8.13% 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 2022 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 2022, none of the Directors, controlling Shareholders or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

On behalf of the Board

CMON Limited

Ng Chern Ann

*Chairman, Joint Chief Executive Officer
and Executive Director*

Singapore, 29 August 2022