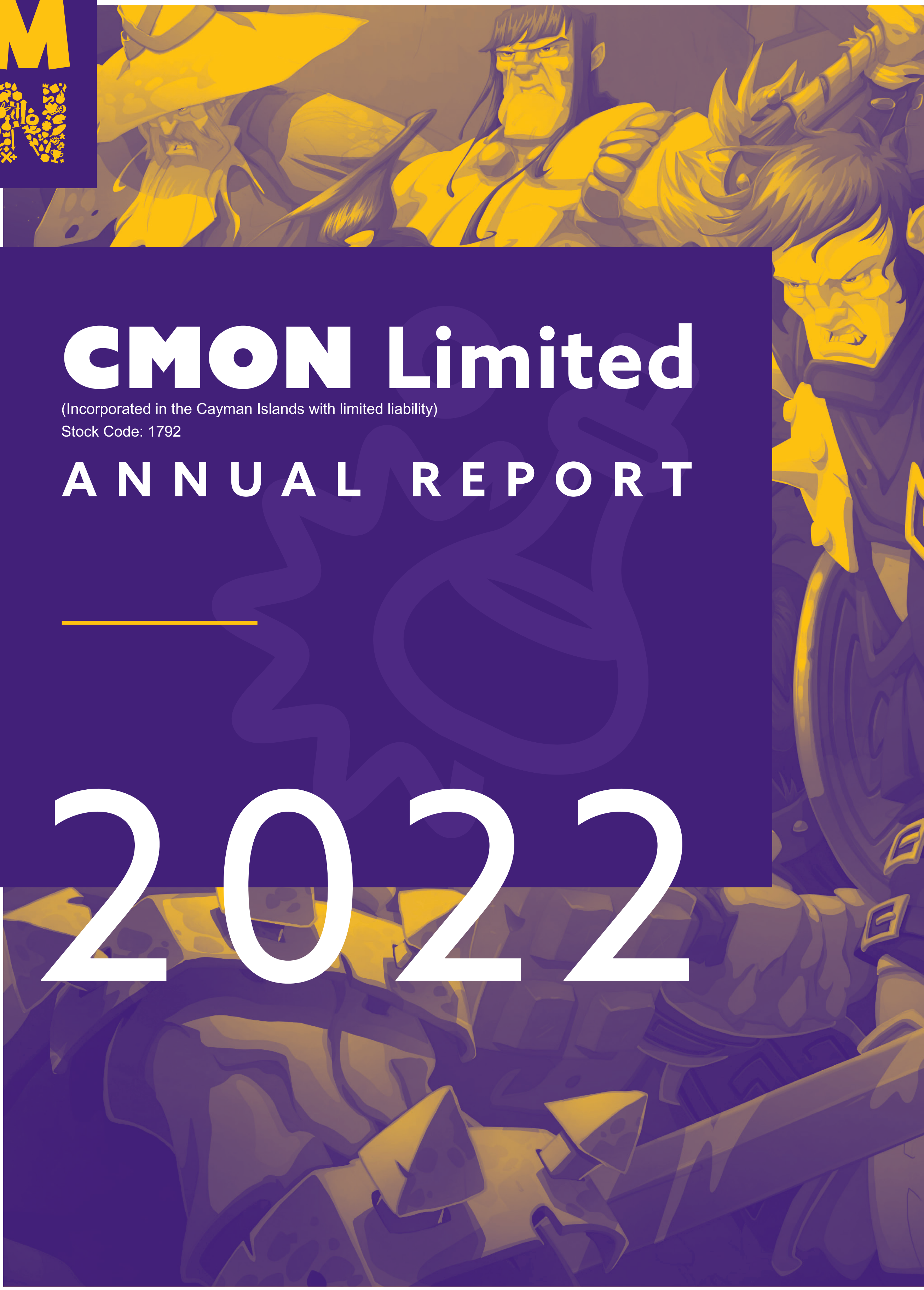

CMON Limited

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

ANNUAL REPORT

2022

CONTENTS

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. 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
Registered Public Interest Entity Auditors
23/F, Tower 2
Enterprise Square Five
Kowloon Bay
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

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

REGISTERED PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

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

COMPANY'S WEBSITE

http://cmon.com

STOCK CODE

1792

DATE OF LISTING*

2 December 2016

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of CMON Limited (the "**Company**"), I am pleased to present to you the Company's annual report of the Company for the year ended 31 December 2022. It has been an eventful year for our Company, marked by significant accomplishments, challenges and growth.

Despite the volatile global economic landscape and rising prices, the Company has continued to deliver strong financial results, with revenue of US$45 million growing from US$38 million the previous year. Profitability also grew 23% year-on-year. Our success can be attributed to our unwavering commitment to innovation, customer satisfaction, and efficient cost management.

One of our key achievements this year was the successful launch of several new game titles that have received positive feedback from the gaming community. These include *Marvel Zombies — A Zombicide Game, Cyberpunk 2077: Gangs of Night City — The Board Game*, *Dune: War for Arrakis*, *Household* and *Cthulhu: Death May Die — Fear of the Unknown* which have all exceeded our sales expectations. We also expanded our distribution business in Asia, now with branches and representatives in Japan and Thailand and we continue to grow the portfolio of brands that we distribute in Asia.

While we celebrate these successes, we are also mindful of the challenges we faced this year, including supply chain disruptions, raw material shortages, and geopolitical uncertainties. These challenges required us to be flexible, adaptable, and responsive, and we are proud of the resilience and commitment of our team in navigating through these difficult times.

Looking ahead, we are excited about the opportunities that await the Company. We will continue to invest in product development, expand our distribution channels, and explore strategic partnerships and acquisitions to fuel our growth. We are also committed to upholding the highest standards of corporate governance and ethical conduct, and we will continue to prioritize sustainability and social responsibility in all aspects of our business.

Finally, I want to express my gratitude to our customers, employees and shareholders for their continued support and dedication to the Company. Together, we have built a strong foundation for the future, and I am confident that we will continue to grow and thrive in the years ahead.

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

30 March 2023

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 online stores and through game conventions, both online and physical (where possible), held two to three times a year. We also had a physical store in Singapore, but in early 2023, management decided to close it as sales was miniscule compared to other sales channels and retail customer traffic did not increase post-COVID-19.

As at the date of this annual report, we offer a total of 125 games, comprising 119 board games, three miniature war games, two mobile games and one computer game.

For the financial year under review, our revenue was approximately US$45.3 million, increasing from approximately US$37.8 million for the previous financial year. Profit and total comprehensive income for the year attributable to equity holders of the Company was approximately US$0.6 million, increasing from approximately US$0.4 million for the year ended 31 December 2021. The increase in profit was mainly due to the increase in sales and higher gross profit margin.

During the financial year under review, we launched five Kickstarter games, namely *Marvel Zombies — A Zombicide Game, Cyberpunk 2077: Gangs of Night City — The Board Game, Dune: War for Arrakis, Household* and *Cthulhu: Death May Die — Fear of the Unknown*, and raised approximately US$8.9 million, US$0.9 million, US$1.3 million and US$0.4 million and US$3.4 million, respectively.

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 wholesale markets (during the year, we expanded into the Thai and Japanese markets); (2) marketing directly to end users and gamers, particularly in China, through a Chinese crowdfunding platform; and (3) strengthening our game design capabilities and licensing of good intellectual properties ("**IPs**").

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. In 2023, we plan to launch new games not only using our own IPs, but also games based on other popular IPs such as *Song of Ice & Fire* and *God of War*. Such games 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. In a good start to the new year, in February 2023, we successfully launched a game based on a licensed IP: *Marvel United Multiverse*, raising approximately US$4.7 million on Kickstarter.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately 20.0% to approximately US$45.3 million for the year ended 31 December 2022 from approximately US$37.8 million for the year ended 31 December 2021, primarily due to the increase in the recognition of Kickstarter sales.

Revenue from wholesale sales decreased by approximately 1.6% to US$19.8 million for the year ended 31 December 2022 from approximately US$20.1 million for the year ended 31 December 2021. During the year ended 31 December 2022, we recognized revenue from board games such as, but not limited to, *Marvel Zombies — A Zombicide Game* and *Masters of the Universe: The Board Game*.

Revenue via Kickstarter increased to approximately US$25.1 million for the year ended 31 December 2022 from approximately US$17.4 million for the year ended 31 December 2021, which was mainly due to the increase in recognition of sales of five Kickstarter projects in 2022 compared to four Kickstarter projects in 2021.

North America and Europe remained as our major markets, with North American and European sales making up approximately 84.0% and 89.6% of our total revenue combined for the year ended 31 December 2022 and 31 December 2021 respectively.

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

By categories

	Year ended 31 December			
	2022		2021	
	US$	%	US$	%
Board games	39,220,920	86.5	31,625,027	83.7
Miniatures war games	2,515,682	5.6	3,622,023	9.6
Mobile games	283,651	0.6	426	—
Sub-total	42,020,253	92.7	35,247,476	93.3
Other products	3,316,754	7.3	2,538,876	6.7
Total	45,337,007	100	37,786,352	100

By sales channels

	Year ended 31 December			
	2022		2021	
	US$	%	US$	%
Direct				
Kickstarter	25,135,142	55.4	17,430,690	46.2
Online store and game conventions	129,219	0.3	245,242	0.6
Mobile games	283,651	0.6	426	—
Wholesales	19,788,995	43.7	20,109,994	53.2
Total	45,337,007	100	37,786,352	100

By geographical markets

	Year ended 31 December			
	2022		2021	
	US$	%	US$	%
North and South America	23,337,052	51.5	26,751,866	70.8
Europe	14,745,380	32.5	7,136,225	18.8
Asia	5,946,765	13.1	3,846,068	10.2
Oceania	1,307,810	2.9	52,193	0.2
Total	45,337,007	100	37,786,352	100

COST OF SALES

Our cost of sales increased by approximately 15.5% to approximately US$26.9 million for year ended 31 December 2022 from approximately US$23.3 million for the year ended 31 December 2021, mainly due to the increased in cost of inventory and shipping and handling cost.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by approximately 27.1% to approximately US$18.4 million for the year ended 31 December 2022 from approximately US$14.5 million for the year ended 31 December 2021 and gross profit margin increased by approximately 2.3 percentage points to approximately 40.6% for the year ended 31 December 2022 from approximately 38.3% for the year ended 31 December 2021. Gross profit increased mainly due to the increase in sales while gross profit margin improved slightly due to economies of scale in manufacturing.

OTHER INCOME

Other income decreased to US$138,628 for the year ended 31 December 2022 from US$169,313 for the year ended 31 December 2021, which was mainly due to the decrease in COVID-19 pandemic related government grants.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses increased to approximately US$7.8 million for the year ended 31 December 2022 from approximately US$6.0 million for the year ended 31 December 2021. This was primarily caused by an increase in royalty expenses as we recognized more sales for licensed games.

GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses increased to approximately US$9.3 million for the year ended 31 December 2022 from approximately US$7.7 million for the year ended 31 December 2021. The increase was primarily caused by an increase in game development expenses to approximately US$3.7 million for the year ended 31 December 2022 from approximately US$2.8 million for the year ended 31 December 2021.

FINANCE COSTS

Finance costs increased to US$342,911 for the year ended 31 December 2022 from US$288,410 for the year ended 31 December 2021. This was primarily caused by increased finance cost from increased interest rate.

INCOME TAX EXPENSE

Income tax expense increased to US$492,885 for the year ended 31 December 2022 from US$395,220 for the year ended 31 December 2021, mainly due to the increase in deferred tax expense.

PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of all the above-mentioned matters, profit and total comprehensive income for the year attributable to owners of the Company increased to approximately US$0.6 million for the year ended 31 December 2022 from approximately US$0.4 million for the year ended 31 December 2021. Apart from increasing sales, another reason for the Group increasing its profit attributable to owners of the Company for the year ended 31 December 2022 was because of a decrease in shipping costs.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2022, we financed our operations primarily through cash generated from our internally generated funds and bank borrowings. As at 31 December 2022 and 2021, the Group had cash and cash equivalents of approximately US$3.9 million and US$3.1 million respectively, which were cash at banks and on hand, denominated in United States dollars, Singapore dollars and Chinese Renminbi.

The short-term bank borrowings of the Group increased to approximately US$3.4 million as at 31 December 2022 from approximately US$3.2 million as at 31 December 2021.

The long-term borrowings of the Group decreased to approximately US$3.9 million as at 31 December 2022 from approximately US$5.1 million as at 31 December 2021.

The long-term bank borrowings as at 31 December 2022 and 31 December 2021 were mainly secured on the property located at 201 Henderson Road #07/08–01, Apex @ Henderson, Singapore 159545 (the "**Headquarters**") and the property located at 201 Henderson Road #09–23/24, Apex @ Henderson, Singapore 159545 (the "**Property**"), a corporate guarantee from the Company and a charge over all fixed deposits placed with the relevant bank. As at 31 December 2022, the Group's total bank borrowings of approximately US$7.3 million consisted of:

(i) approximately US$5.0 million which were denominated in Singapore dollars, including two term loans, amounting to US$2.8 million with a tenor of 20 years and interests charged at fixed rates from drawdown date until the end of the second year from the respective dates of the banking facility letters and at floating rates for the subsequent years. In May 2020, the Company revised the terms of its bank borrowing — with respect to DBS Term Loan amounting to US$2.2 million, with tenor of 5 years, interest would be charged at floating rate with effect from 1 May 2020; and

(ii) approximately US$2.3 million which were denominated in United States dollars, with a tenor of 60 days to 8 years and interests charged at floating rates.

As at 31 December 2022 and 2021, the Group's borrowings were repayable as follows:

	2022	2021
	US$	US$
Within 1 year	**3,399,639**	3,216,344
Between 1 and 2 years	**1,081,768**	1,131,164
Between 2 and 5 years	**933,844**	1,862,759
Over 5 years	**1,922,360**	2,100,270
	7,337,611	8,310,537

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

TREASURY POLICIES

The proceeds from our sales made through Kickstarter are generally received prior to product delivery, and therefore we are not exposed to significant credit risk. Our trade receivables are primarily related to sales to wholesalers. We have policies in place to assess and monitor the creditworthiness of our wholesalers. We perform periodic credit evaluation of our wholesalers and will adjust the credit extended to the wholesalers accordingly. Normally we do not require collaterals from trade debtors. Management makes a periodic collective assessment as well as an individual assessment on the recoverability of trade receivables based on historical payment records, the length of the overdue period, the financial strength of the trade debtors and whether there are any disputes with the debtors in relation to the relevant receivables.

CAPITAL STRUCTURE

During the year ended 31 December 2022, our capital structure consisted of bank borrowings, capital and reserves attributable to equity holders of the Company, comprising share capital, share premium, retained earnings, capital reserves and other reserves.

NEW GAMES AND THEIR IMPACT ON FINANCIAL PERFORMANCE

During the year ended 31 December 2022, Kickstarter projects shipped by the Group contributed approximately US$25.1 million (2021: approximately US$17.4 million) to the Group's revenue.

During the year ended 31 December 2022, Kickstarter projects which were successfully launched, but not shipped amounted to approximately US$7.8 million (2021: approximately US$6.9 million). The shipments of these projects are expected to take place in the first half of 2023.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2022, the Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

INFORMATION ON EMPLOYEES

As of 31 December 2022, the Group had 78 employees (31 December 2021: 65). Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and/or share options may be granted to eligible staff by reference to the Group's performance as well as the individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident fund contributions) for the year ended 31 December 2022 amounted to approximately US$3.9 million (2021: approximately US$3.2 million).

CHARGES ON ASSETS

As at 31 December 2022, the Headquarters and the Property with a total net book value of approximately US$3.8 million and deposit pledged with a life insurance company of US$199,400 were charged as collateral for the Group's bank borrowings (31 December 2021: approximately US$3.9 million and US$199,400, respectively).

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

GEARING RATIO

As at 31 December 2022, the Group had short-term and long-term bank borrowings of approximately US$3.4 million (31 December 2021: approximately US$3.2 million) and approximately US$3.9 million (31 December 2021: approximately US$5.1 million), respectively.

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

EXPOSURE TO FOREIGN EXCHANGE

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

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (31 December 2021: nil).

COMMITMENTS

The Group had no capital commitments as at 31 December 2021 and 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

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

(i) Outsourced manufacturers

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

(ii) Loss of key personnel

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

(iii) Kickstarter

During the year ended 31 December 2022, most of the Group's bestselling tabletop games were launched on Kickstarter. To manage this risk, the Group has identified alternative internet crowd funding platforms for game launching in the event the Group is unable to continue launching games on Kickstarter. Besides, the Group is enhancing its in-house capability to launch tabletop games on its own website if required.

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Ng Chern Ann (黃成安), aged 48, was appointed as an executive Director, chairman and chief executive officer of the Company on 2 December 2016. He was re-designated as a joint chief executive officer of the Company on 23 January 2020. Mr. Ng is primarily responsible for developing ideas for new games, corporate strategic planning and overall business development of our Group. Mr. Ng also oversees sales, marketing and logistics for the Group's global operations.

Prior to founding the Group in September 2009, Mr. Ng co-founded Razer (Asia Pacific) Pte. Ltd. ("**Razer**"), a company engaged in the business of designing and manufacturing gaming peripherals, including mice, keyboards and laptops, in December 2003. From April 2005 to August 2006, Mr. Ng was the chief executive officer of Razer, where he was responsible for commencing its business operations. From September 2006 to May 2008, Mr. Ng was the chief technology officer of Razer, where he was responsible for sourcing for new technology, managing technical abilities, conceptualising new products and creating various inventions which were patented. Mr. Ng left Razer in May 2008 and since then, Mr. Ng has mainly devoted his time and resources in setting up, developing and overseeing the business of our Group.

Mr. Ng graduated from the University of Birmingham, United Kingdom with a Bachelor of Laws degree in July 2001, and was admitted to be an advocate and solicitor of the Supreme Court in Singapore in May 2003.

Mr. David Doust (建邦), aged 59, was appointed as an executive Director on 2 December 2016 and a joint chief executive officer on 23 January 2020. Mr. Doust is also the head of Asia of the Group. Mr. Doust oversees sales, marketing and logistics for the Group's Asia operations. Mr. Doust is a serial entrepreneur as he was a director of Fishworld Aquariums, Inc. from 1988 to 1992; a director of Doust Corporation from 1988 to 1994; and a director of Atlantis Pets, Inc. from 1991 to 1993. Mr. Doust also has over 15 years of experience in the gaming industry. He registered and operated the website www.coolminiornot.com in 2001. He also founded and served as an officer of Dark Age Games, Inc. in 2002 and published a miniature war game, *Dark Age*, in the same year. In 2009, he became a shareholder of CoolMiniOrNot Inc. and worked as a distributor and publisher of tabletop games.

Mr. Doust graduated from the University of Miami, United States, with a Bachelor in Business Administration degree in May 1987.

Mr. David Preti, aged 53, was appointed as an executive Director on 22 April 2022. Mr. Preti joined the Group as creative director in April 2016 and since December 2018 has been serving as the chief operating officer of the Company. He is currently primarily responsible for overseeing game development and production. Mr. Preti has over 10 years of experience in the gaming industry. From 2007 to 2016, Mr. Preti was a director and shareholder of Dustgame Limited, a board game publisher. From 2012 to 2018, Mr. Preti was a director and shareholder of Guillotine Games Limited. Mr. Preti also has over 10 years of experience in re-insurance. He worked as a senior underwriter and Brazilian chief representative officer of Partner Reinsurance Europe SE from 2003 to February 2016. Mr. Preti graduated with a Bachelor in History degree from the University of Genoa in June 2001.

Mr. Koh Zheng Kai (許政開), aged 43, was appointed as an executive Director and financial controller of the Company on 2 December 2016. From December 2016 to December 2019, Mr. Koh Zhengkai was one of the joint company secretaries of the Company. Mr. Koh has over 15 years of experience in accounting and finance. Mr. Koh joined the Group in October 2014 and is primarily responsible for the accounting and tax management of the Group. Prior to joining our Group, Mr. Koh has held various positions in areas relating to accounting, finance and company secretarial work. He worked as an auditor at KPMG Singapore from 2004 to 2005, at Ernst & Young in Houston, United States from 2005 to 2006 and at KPMG LLP in New York, United States from 2006 to 2008. From 2008 to 2010, he was a senior financial analyst at Investment Technology Group Inc., an independent execution broker and research provider. From 2011 to 2014, Mr. Koh worked in Opes Services Pte. Ltd., a company based in Singapore founded by Mr. Koh, which provides tax, accounting and secretarial services.

In June 2004, Mr. Koh completed all the required examinations of the Association of Chartered Certified Accountants examination. He has been admitted as a member of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) since September 2011.

NON-EXECUTIVE DIRECTOR

Mr. Frederick Chua Oon Kian (formerly known as "Chua Oon Kian") (蔡穩健), aged 57, was appointed as a non-executive Director on 2 December 2016. Mr. Chua is the director and chief executive officer of Quantum Asset Management Pte. Ltd., a company providing fund management services to high net worth individuals and institutional investors since March 2004. He has also participated in various pre-IPO investments in companies that were successfully listed on both the Stock Exchange and the Singapore Exchange Securities Trading Limited.

Mr. Chua graduated from Indiana University, United States, with a Bachelor of Arts degree in December 1990.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Yu Shan Eugene (王宇山), aged 53, was appointed as an independent non-executive Director, the chairman of the audit committee, and a member of each of the remuneration committee and the nomination committee of the Company on 6 May 2020. He obtained a Bachelor of Arts in Accounting (Hons) from Hong Kong Polytechnic University in 1993. He is a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow chartered accountant of Institute of Chartered Accountants in England and Wales. Mr. Wong has over 25 years of experience in the accounting and financial industry. Mr. Wong is currently running his own investment advisory and private equity business in mainland China. He is also the founding and managing partner of Unity & Strength (Hong Kong) Certified Public Accountants Ltd, where he has been responsible for providing accounting and advisory services since 2009. Prior to the current positions, he served various positions in different office locations of Ernst & Young from 1993 to 2008, and retired as a partner in Ernst & Young, China in December 2008.

Mr. Choy Man (蔡敏), aged 57, was appointed as an independent non-executive Director, the chairman of the nomination committee, and a member of each of the audit committee and the remuneration committee of the Company on 15 June 2020. He is currently a practising solicitor in Hong Kong. Mr. Choy obtained a Bachelor of Arts degree from The University of Hong Kong in 1990, and passed the common professional examination in 1993. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in 1994. Mr. Choy was admitted as a solicitor of Hong Kong in 1996 and is now a partner at Cheung & Choy and Choy & Tun, respectively. Mr. Choy specializes in the areas of civil and commercial litigation and conveyancing matters.

Mr. Leung Yuk Hung Paul (梁毓雄), aged 47, was appointed as an independent non-executive Director, the chairman of the remuneration committee, and a member of each of the audit committee and the nomination committee of the Company on 27 May 2021. He has over 20 years of corporate management experience in multinational companies operating in China (including Hong Kong), USA and Indonesia. Mr. Leung obtained both Bachelor of Commerce (Accounting and Finance) and Bachelor of Engineering (I.T) degrees from The University of Western Australia in 1998. He previously worked for PricewaterhouseCoopers as a Senior Consultant from 1999 to 2003, and for Lung Cheong International Holdings Limited as an Associate Director from 2003 to 2019. Mr. Leung is currently serving as a Managing Director for Chinafair International Holdings Limited. He is also a member of the Standing Committee of the CPPCC Dongguan Committee and the Vice President & Chairman of Finance Department of The Hong Kong Chinese Importers' & Exporters' Association.

Note:

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

COMPANY SECRETARY

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

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 June 2015. The Company is an investment holding company. The Group is principally engaged in design, development and sales of board games, miniature war games and other hobby products. Details of the principal activities of the Group during the year ended 31 December 2022 are set out in Note 35 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 45 of this annual report.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Tuesday, 23 May 2023 to receive and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2022 and the reports of the directors and auditor.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the shareholders of the Company (the "**Shareholders**") to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 18 May 2023 to Tuesday, 23 May 2023 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 17 May 2023.

BUSINESS MODEL AND BUSINESS OVERVIEW

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

LONG-TERM STRATEGIES AND OUTLOOK

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

FINANCIAL PERFORMANCE AND PRINCIPAL RISKS

A review of the Group's business and analysis of the Group's performance for the year ended 31 December 2022, as well as a description of the principal risks and uncertainties the Group faces can be found in the section headed "Chairman's Statement" on page 4 of this annual report and the paragraph headed "Management Discussion and Analysis — Business Model and Business Overview" and "Management Discussion and Analysis — Principal Risks and Uncertainties" on page 5 and 11 respectively of this annual report.

ENVIRONMENTAL POLICY

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

The Group has taken the following environmental protection measures:

— Reduce the use of paper

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

— Reduce electricity consumption after office hours

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

— Incorporate environmentally friendly considerations during product design and production

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Singapore, the PRC and the United States while the Company itself is incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange. The establishment and operations accordingly shall comply with relevant laws and regulations in the above mentioned countries. The Group recognises the importance of compliance with relevant laws and regulations as well as the risk of non-compliance with such requirements. The Group has compliance procedures in place to ensure adherence to applicable laws and regulations which have a significant impact on the Group. During the year ended 31 December 2022 and up to the date of this annual report, to the best knowledge and belief of the Board, the Group has complied in all material respects with the relevant laws and regulations in the Cayman Islands, Singapore, the PRC, the United States and Hong Kong.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the year ended 31 December 2022.

CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2022, the Group's sales to its five largest customers accounted for approximately 24.7% of the Group's total revenue. Our five largest customers were wholesalers based in the United States and Europe. As at 31 December 2022, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers.

Major Suppliers

For the year ended 31 December 2022, the Group's five largest suppliers accounted for approximately 80.6% of the Group's total purchases and our single largest supplier accounted for approximately 39.3% of the Group's total purchases. Our five largest suppliers were outsourced manufacturers based in Hong Kong and the PRC. Costs are determined with reference to quotations agreed between the Group and the suppliers on a project to project basis.

As at 31 December 2022, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest suppliers.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 90 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2022 are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2022 are set out in Note 31 to the consolidated financial statements.

CAPITAL AND RESERVES

Details of movements in the share capital, share premium, retained earnings, capital reserves and other reserves of the Group during the year ended 31 December 2022 are set out on page 48 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution to equity holders amounted to approximately US$17.8 million (31 December 2021: approximately US$17.3 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group are set out in Note 26 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this annual report are:

Executive Directors

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

In accordance with article 84 of the articles of association of the Company (the "**Articles of Association**"), at each annual general meeting of the Company one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and will be eligible for re-election, provided that every Director shall be subject to retirement by rotation at least once every three years.

Accordingly, Mr. David Doust, Mr. Koh Zheng Kai and Mr. Choy Man will hold office as the Directors until the AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular of the Company dated 27 April 2023.

DIRECTORS

Biographical details of the Directors are set out in the section headed "Directors" of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") from each of the independent non-executive Directors and the Company considers such Directors to be independent for the year ended 31 December 2022 and remain so as of the date of this annual report.

Mr. Wong Yu Shan Eugene, Mr. Choy Man and Mr. Leung Yuk Hung Paul have each made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board is satisfied that, taking into account, inter alia, the valuable independent judgement, advice and objective views contributed by Mr. Wong, Mr. Choy and Mr. Leung all of them are of such character, integrity and experience commensurate with office of independent non-executive Directors. The Board is not aware of any circumstance that might influence the independence of Mr. Wong, Mr. Choy and Mr. Leung.

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Each of Mr. Ng Chern Ann, Mr. David Doust and Mr. Koh Zheng Kai, the executive Directors, has entered into a service agreement with the Company for an initial term of three years commencing from 19 November 2019, being the date of transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange (the "**Transfer of Listing Date**") until terminated by either party by giving not less than three months' notice in writing to the other. Mr. David Preti, the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from the date of his appointment until terminated by either party by giving not less than three months' notice in writing to the other.

Each of the non-executive Director and the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years commencing from the date of their appointment, provided that either party may terminate such appointment at any time by giving at least three months' notice in writing to the other.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended or as at 31 December 2022 and up to the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2022 and up to the date of this annual report.

EMOLUMENT POLICY

The remuneration committee of the Company was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. Details of the emoluments of the Directors and five highest paid individuals during the year ended 31 December 2022 are set out in Note 13 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Note 12 to the consolidated financial statements.

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

As at 31 December 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Name	Capacity/Nature of Interest	Number of Underlying Shares (Unlisted and Physically Settled Equity Derivative) Interested[4]	Total Number of Shares and Underlying Shares Interested	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Ng Chern Ann[1] ("**Mr. Ng**")	Interest in controlled corporation/interest of a party to an agreement/ beneficial owner	31,000,000	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 31 December 2022, Mr. Preti was beneficially interested in 174,049,615 Shares and 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 31 December 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 31 December 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 31 December 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 31 December 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, independent non-executive Directors, advisors and consultants of the Group.

(ii) The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 180,600,000 shares, representing 10% of the total number of shares in issue as at the date of this annual report.

(iii) No option shall be granted to any eligible person under the Share Option Scheme if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue unless such further grant has been separately approved by Shareholders in general meeting in accordance with the Listing Rules and with such grantee and his close associates (or associates if he is a connected person) abstained from voting.

(iv) An offer of grant of an option shall remain open for acceptance by an eligible person for a period of not less than 21 days from the date on which the offer was issued or the date on which the conditions (if any) for the offer are satisfied, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme.

(v) A consideration of HK$1.00 is payable to the Company by the eligible person for each acceptance of grant of option(s) and such consideration is not refundable.

(vi) The exercise price in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board and notified to an eligible person, and shall be at least the highest of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (2) the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (3) the nominal value of a share on the date of grant.

(vii) The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, subject to early termination by the Company in general meeting or by the Board, and the remaining life of this scheme is around 3 years and 8 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 year ended 31 December 2022 are set out below:

				Number of shares issuable under the Share Options				
Grantees	**Date of grant (dd/mm/yyyy)**	**Exercise price per share (HK$)**	**Exercise period (dd/mm/yyyy)**	**As at 1 January 2022**	**Granted during the year**	**Exercised during the year**	**Forfeited during the year**	**As at 31 December 2022**
Directors								
Ng Chern Ann	13/08/2018	0.232	13/08/2018–12/08/2028 *(Note 1)*	15,500,000	—	—	—	15,500,000
David Doust	13/08/2018	0.232	13/08/2018–12/08/2028 *(Note 1)*	15,500,000	—	—	—	15,500,000
David Preti	13/08/2018	0.232	13/08/2018–12/08/2028 *(Note 1)*	15,500,000	—	—	—	15,500,000
Koh Zheng Kai	13/08/2018	0.232	13/08/2018–12/08/2028 *(Note 1)*	5,800,000	—	—	—	5,800,000
Frederick Chua Oon Kian	13/08/2018	0.232	13/08/2018–12/08/2028 *(Note 2)*	5,580,000	—	—	—	5,580,000
Grand Total:				57,880,000	—	—	—	57,880,000

Notes:

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).

As of 31 December 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 as at the date of this annual report, may fall to be issued upon exercise of the Share Options that have been granted or may be but not yet granted under the Share Option Scheme.

The total number of Share Options available for grant under the scheme mandate of the Share Option Scheme at the beginning and the end of the financial year are both 88,980,000 shares.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, the Company did not have any other share scheme and there was no equity-linked agreement that would or might result in the Company issuing Shares, or that required the Company to enter into an agreement that would or might result in the Company issuing Shares, entered into by the Company during the year ended 31 December 2022 or which subsisted as at 31 December 2022.

CHANGES TO DIRECTORS' INFORMATION

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

NON-COMPETITION UNDERTAKING

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

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-competition during the year ended 31 December 2022 for disclosure in this annual report.

The independent non-executive Directors have reviewed the Deed of Non-competition and based on the information and confirmations provided by or obtained from the Controlling Shareholders, they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition during the year ended 31 December 2022.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 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.

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

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

DONATIONS

During the year ended 31 December 2022, the charitable and other donations made by the Group amounted to US$27,551.

SIGNIFICANT LEGAL PROCEEDINGS

During the year ended 31 December 2022, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

PERMITTED INDEMNITY PROVISION

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

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

AUDIT COMMITTEE AND REVIEW ON THE ANNUAL RESULTS

The audit committee (the "**Audit Committee**") of the Company, which currently comprises three independent non-executive Directors, has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results and the annual results announcement of the Company for the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 27 to 41 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the year ended 31 December 2022 and as at the latest practicable date prior to the issue of this annual report.

AUDITOR

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

At the extraordinary general meeting of the Company held on 27 August 2020, ZHONGHUI ANDA CPA Limited ("**Zhonghui Anda**") was appointed as the Auditor and it was re-appointed as the Auditor for the year ended 31 December 2022 at the annual general meeting of the Company held on 27 May 2022. The accompanying financial statements prepared in accordance with International Financial Reporting Standards have been audited by Zhonghui Anda.

Zhonghui Anda shall retire at the AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Zhonghui Anda as the Auditor for the year ending 31 December 2023 will be proposed at the AGM. There were no other changes in the Company's auditors in any of the preceding three years.

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

Singapore, 30 March 2023

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the year ended 31 December 2022. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

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

During the year ended 31 December 2022, all the Directors had carried out their duties in good faith and, to their best knowledge and belief, in compliance with applicable laws and regulations, and had acted in the interest of the Company and the Shareholders as a whole at all times.

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

Board Composition

As at 31 December 2022 and the date of this annual report, the Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors as follows:

Executive Directors:

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

The biographies of the Directors are set out under the section headed "Directors" of this annual report.

During the year ended 31 December 2022, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

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

DIVERSITY

Board Diversity

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

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

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

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

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

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

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

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

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

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

Gender Diversity

The Board and the Nomination Committee aim to appoint at least one female Director no later than the end of 2024 to achieve gender diversity. The Board and the Nomination Committee have been actively identifying suitable female candidates for directorship to ensure the Board will no longer be a single-gender board and are of the view that doing so will enhance the diversity of perspectives at the Board level. The Board and the Nomination Committee will continue to consider qualified candidates in line with the Company's board diversity policy, including with respect to gender diversity, to ensure there is a suitable selection of potential successors to the Board.

As at 31 December 2022, the Group had 78 full-time employees in total comprising 29 females and 49 males (a female-to-male ratio of approximately 1 to 1.69), reflecting a global diversity across the workforce of the Group. The Group is mindful of the importance of diversity, including gender diversity, when assessing the candidacy of its employees, and will ensure that the Group shall continue to follow its commitment to diversity.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

According to the information provided by the Directors, a summary of trainings received by the Directors throughout the year ended 31 December 2022 is as follows:

Directors	**Nature of Continuous Professional Development Programmes** *(Notes)*
Executive Directors:	
Mr. Ng Chern Ann	C
Mr. David Doust	C
Mr. David Preti *(appointed on 22 April 2022)*	C
Mr. Koh Zheng Kai	C
Non-executive Director:	
Mr. Frederick Chua Oon Kian	C
Independent Non-executive Directors:	
Mr. Wong Yu Shan Eugene	C
Mr. Choy Man	C
Mr. Leung Yuk Hung Paul	C

Notes:

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

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

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

CHAIRMAN AND JOINT CHIEF EXECUTIVE OFFICERS

Under code provision 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.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of Mr. Ng Chern Ann, Mr. David Doust and Mr. Koh Zheng Kai, the executive Directors, has entered into a service agreement with the Company for an initial term of three years commencing from the Transfer of Listing Date until terminated by either party by giving not less than three months' notice in writing to the other. Mr. David Preti, the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from the date of his appointment until terminated by either party by giving not less than three months' notice in writing to the other.

Each of the non-executive Director and independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years commencing from the date of their appointment, provided that either party may terminate such appointment at any time by giving at least three months' notice in writing to the other.

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

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

BOARD AND BOARD COMMITTEE MEETINGS

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

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

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

During the year ended 31 December 2022, two general meetings and five Board meetings were held. The attendance of each Director at these meetings is set out in the table below:

Directors	Board Meeting(s) Attended/Eligible to Attend	General Meeting(s) Attended/Eligible to Attend
Executive Directors:		
Mr. Ng Chern Ann	5/5	2/2
Mr. David Doust	5/5	2/2
Mr. David Preti *(appointed on 22 April 2022)*	2/2	2/2
Mr. Koh Zheng Kai	5/5	2/2
Non-executive Director:		
Mr. Frederick Chua Oon Kian	4/5	2/2
Independent Non-executive Directors:		
Mr. Wong Yu Shan Eugene	5/5	2/2
Mr. Choy Man	5/5	2/2
Mr. Leung Yuk Hung Paul	5/5	2/2

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS IN SECURITIES TRANSACTIONS

The Company has adopted 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 year ended 31 December 2022.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The Board has adopted effective mechanisms to ensure independent views and input are available to the Board. Directors are provided with sufficient resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently. The Board reviews the implementation and effectiveness of such mechanisms on an annual basis. For the year ended 31 December 2022, the Board considered that the above mechanisms are effective in ensuring that independent views and input are available to the Board.

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

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

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Mr. Wong Yu Shan Eugene (chairman), Mr. Choy Man and Mr. Leung Yuk Hung Paul. 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 written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Four meetings were held by the Audit Committee during the year ended 31 December 2022 and the attendance of each Audit Committee member at the Audit Committee meetings during the year ended 31 December 2022 is set out in the table below:

Directors	Attended/Eligible to Attend
Mr. Wong Yu Shan Eugene	4/4
Mr. Choy Man	4/4
Mr. Leung Yuk Hung Paul	4/4

During the meetings, the Audit Committee:

(a) reviewed the financial results of the Group for the year ended 31 December 2021 and for the six months ended 30 June 2022 as well as the relevant financial reports;

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

(c) reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the re-appointment of the auditor;

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

(e) reviewed the remuneration, qualifications and independence of the external auditor;

Nomination Committee

The Nomination Committee currently comprises three members, namely Mr. Choy Man (chairman), Mr. Wong Yu Shan Eugene and Mr. Leung Yuk Hung Paul. 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.

One meeting was held by the Nomination Committee during the year ended 31 December 2022 and attendance of each Nomination Committee member at the Nomination Committee meeting during the year ended 31 December 2022 is set out in the table below:

Directors	**Attended/Eligible to Attend**
Mr. Choy Man	1/1
Mr. Wong Yu Shan Eugene	1/1
Mr. Leung Yuk Hung Paul	1/1

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

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

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

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

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

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

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

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

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

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

Pursuant to Rule 13.92 of the Listing Rules, listed issuers are required to adopt a board diversity policy. The Board has adopted a board diversity policy since 17 November 2016, a summary of which is set out on page 29 of this annual report.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Leung Yuk Hung Paul (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;

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

9. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

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

One meeting was held by the Remuneration Committee during the year ended 31 December 2022 and attendance of each Remuneration Committee member at the Remuneration Committee meeting during the year ended 31 December 2022 is set out in the table below:

Directors	**Attended/Eligible to Attend**
Mr. Leung Yuk Hung Paul	1/1
Mr. Wong Yu Shan Eugene	1/1
Mr. Choy Man	1/1

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

Remuneration of Directors

Particulars of the remuneration of the Directors and the five highest paid individuals for the year ended 31 December 2022 are set out in Note 13 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2022 which give a true and fair view of the affairs of the Group and of the Group's results and cash flows.

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

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

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the independent auditor's report on pages 42 to 44 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

During the year ended 31 December 2022, major works performed by the management in relation to risk management and internal control include the following:

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

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

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

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

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

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for the internal control of the Group and for reviewing its effectiveness. During the year ended 31 December 2022, the Company engaged an independent third party to conduct an internal control review to ensure the effectiveness and adequacy of the internal control system of the Group.

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

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

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

On the basis of the aforesaid, the Audit Committee 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 during the year ended 31 December 2022.

AUDITOR'S REMUNERATION

The remuneration for the audit services provided by the auditors to the Group during the year ended 31 December 2022 was approximately as follows:

Type of Services	**Amount** (US$)
Audit services	195,000
Total	**195,000**

COMPANY SECRETARY

Ms. Ng Sau Mei ("**Ms. Ng**") serves as the company secretary of the Company. Ms. Ng is a director of TMF Hong Kong Limited (a company secretarial services provider). Her primary contact person at the Company is Mr. Koh Zheng Kai.

During the year ended 31 December 2022, Ms. Ng has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

The Board reviewed the effectiveness and implementation of the Company's Shareholders' communication policy during the year ended 31 December 2022 and considered that it remained effective in enhancing timely, transparent, accurate and open communication between the Company and the Shareholders.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy (the "**Dividend Policy**") on 21 March 2019 in compliance with code provision F.1.1 of the CG Code. It is the policy of the Board, in considering the payment of dividends, to allow Shareholders to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

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

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

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

(c) the general market conditions;

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

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

(f) the liquidity position of the Group;

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

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

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

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

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

SHAREHOLDERS' RIGHTS

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

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

Convening of extraordinary general meeting and putting forward proposals

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

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

Enquiries to the Board

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum of association of the Company and the Articles of Association have been amended and restated with effect from the 27 May 2022, the latest version of which are available from the websites of the Company and the Stock Exchange.

Save as disclosed above, during the year ended 31 December 2022, there was no change in the memorandum of association of the Company and the Articles of Association.

中汇 ZHONGHUI

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

OPINION

We have audited the consolidated financial statements of CMON Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 45 to 89, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Refer to note 16 and note 18 to the consolidated financial statements

The Group tested the amount of property, plant and equipment and intangible assets for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment and intangible assets of US$19,484,939 and US$9,804,094 respectively as at 31 December 2022 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

— Assessing the identification of the related cash generating units;

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

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

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

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

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

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

Hong Kong, 30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 US$	2021 US$
Revenue	7	45,337,007	37,786,352
Cost of sales		(26,920,837)	(23,299,951)
Gross profit		18,416,170	14,486,401
Other income	8	138,628	169,313
Other gains, net	9	—	143,614
Changes in fair value of financial assets at fair value through profit or loss ("**FVTPL**")		(112,000)	—
Selling and distribution expenses		(7,841,939)	(5,950,717)
General and administrative expenses		(9,254,962)	(7,743,895)
Operating profit		1,345,897	1,104,716
Finance costs	10	(342,911)	(288,410)
Profit before income tax		1,002,986	816,306
Income tax expense	11	(492,885)	(395,220)
Profit for the year	12	510,101	421,086
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		1,252	(4,022)
Total other comprehensive income/(loss) for the year		1,252	(4,022)
Total comprehensive income for the year		511,353	417,064
Profit/(loss) the year attributable to:			
Owners of the Company		579,571	421,086
Non-controlling interests		(69,470)	—
		510,101	421,086
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		585,731	417,064
Non-controlling interests		(74,378)	—
		511,353	417,064
Earnings per share	15		
Basic and diluted		0.0003	0.0002

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 US$	2021 US$
Non-current assets			
Property, plant and equipment	16	19,484,939	17,204,642
Right-of-use assets	17	235,582	358,564
Intangible assets	18	9,804,094	10,682,672
Deposit placed with a life insurance company	19	199,400	199,400
Financial assets at FVTPL	20	168,000	—
		29,892,015	28,445,278
Current assets			
Inventories	21	2,519,611	1,401,512
Trade and other receivables	22	47,092	276,801
Prepayments and deposits	23	1,321,083	3,389,970
Bank and cash balances	24	3,899,006	3,090,120
		7,786,792	8,158,403
Current liabilities			
Accruals and other payables	25	204,521	427,459
Borrowings	26	3,399,639	3,216,344
Amount due to the ultimate holding company	27	3	3
Amount due to a related party	27	47,310	—
Income tax payable		43,052	43,051
Contract liabilities	28	8,260,943	6,919,605
Lease liabilities	29	105,385	105,031
		12,060,853	10,711,493
Net current liabilities		(4,274,061)	(2,553,090)
Total assets less current liabilities		25,617,954	25,892,188
Non-current liabilities			
Borrowings	26	3,937,972	5,094,193
Lease liabilities	29	176,785	306,767
Deferred tax liabilities	30	2,887,772	2,394,887
		7,002,529	7,795,847
NET ASSETS		18,615,425	18,096,341

At 31 December 2022

	Notes	2022 US$	2021 US$
Capital and reserves			
Share capital	31	11,700	11,700
Reserves		18,670,372	18,084,641
Equity attributable to owners of the Company		18,682,072	18,096,341
Non-controlling interests		(66,647)	—
TOTAL EQUITY		18,615,425	18,096,341

The consolidated financial statements on pages 45 to 89 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

Ng Chern Ann	**Koh Zheng Kai**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital US$	Share premium US$	Capital reserves US$	Share-based compensation reserves US$	Exchange reserves US$	Retained earnings US$	Subtotal US$	Non-controlling interests US$	Total equity US$
At 1 January 2021	11,700	12,384,133	780,499	910,304	(58,404)	3,594,517	17,622,749	—	17,622,749
Profit for the year	—	—	—	—	—	421,086	421,086	—	421,086
Other comprehensive loss for the year									
Exchange differences arising on translation of foreign operations	—	—	—	—	(4,022)	—	(4,022)	—	(4,022)
Total other comprehensive loss for the year	—	—	—	—	(4,022)	—	(4,022)	—	(4,022)
Total comprehensive (loss)/income for the year	—	—	—	—	(4,022)	421,086	417,064	—	417,064
Recognition of equity-settled share-based payments	—	—	—	56,528	—	—	56,528	—	56,528
Forfeiture of share option	—	—	—	(85,373)	—	85,373	—	—	—
At 31 December 2021	11,700	12,384,133	780,499	881,459	(62,426)	4,100,976	18,096,341	—	18,096,341
At 1 January 2022	11,700	12,384,133	780,499	881,459	(62,426)	4,100,976	18,096,341	—	18,096,341
Profit for the year	—	—	—	—	—	579,571	579,571	(69,470)	510,101
Other comprehensive income/(loss) for the year									
Exchange differences arising on translation of foreign operations	—	—	—	—	6,160	—	6,160	(4,908)	1,252
Total other comprehensive income/(loss) for the year	—	—	—	—	6,160	—	6,160	(4,908)	1,252
Total comprehensive income/(loss) for the year	—	—	—	—	6,160	579,571	585,731	(74,378)	511,353
Capital contribution from non-controlling shareholder	—	—	—	—	—	—	—	7,731	7,731
At 31 December 2022	11,700	12,384,133	780,499	881,459	(56,266)	4,680,547	18,682,072	(66,647)	18,615,425

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 US$	2021 US$
Cash flows from operating activities		
Profit before income tax	1,002,986	816,306
Adjustments for:		
Equity-settled share-based payments	—	56,528
Finance costs	342,911	288,410
Depreciation of property, plant and equipment	2,985,547	2,417,532
Depreciation of right-of-use assets	96,792	100,900
Amortisation of intangible assets	2,079,955	1,949,223
Waiver of bank loans	—	(143,614)
Changes in fair value of financial assets at FVTPL	112,000	—
Interest income	(243)	(346)
Operating cash flows before movements in working capital	6,619,948	5,484,939
Change in inventories	(1,118,099)	(583,224)
Change in trade and other receivables	229,709	1,144,791
Change in prepayments and deposits	2,068,685	2,460,709
Change in contract liabilities	1,341,338	2,260,378
Change in trade payables	—	(32,599)
Change in other payables and accruals	(226,211)	(62,890)
Cash generated from operations	8,915,370	10,672,104
Income tax paid	—	(198,911)
Net cash generated from operating activities	8,915,370	10,473,193
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,265,844)	(5,626,717)
Development costs incurred	(1,201,377)	(229,256)
Additions to intellectual properties rights and software	—	(1,266,675)
Deposit placed with a life insurance company	—	(199,400)
Financial assets at FVTPL	(280,000)	—
Interest received	243	346
Net cash used in investing activities	(6,746,978)	(7,321,702)

For the year ended 31 December 2022

	2022 US$	2021 US$
Cash flows from financing activities		
Decrease in pledged deposits	—	208,675
New bank borrowings raised	11,151,015	8,934,644
Repayment of bank borrowings	(12,123,941)	(9,323,912)
Repayment of lease liabilities	(99,233)	(94,472)
Lease interest paid	(12,223)	(16,182)
Interest paid	(330,688)	(272,228)
Advance from a related party	47,310	—
Capital contribution from non-controlling shareholder	7,731	—
Net cash used in financing activities	(1,360,029)	(563,475)
Net increase in bank and cash equivalents	808,363	2,588,016
Effect of foreign exchange rate changes	523	(7,481)
Bank and cash equivalents at beginning of year	3,090,120	509,585
Bank and cash equivalents at end of year		
Represented by bank and cash balances	3,899,006	3,090,120

1 GENERAL INFORMATION

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

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

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

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

In the current year, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board (the "**IASB**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL which are carried at their fair values.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors (the "**Directors**") to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation

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

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

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

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(iii) Translation on consolidation

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

(a) Product development costs

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

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

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

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

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

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

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

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

(b) Intellectual property rights and licences

Separately acquired intellectual property rights and licences are initially recognised at historical cost. Intellectual property rights and licences acquired in a business combination are recognised at fair value at the acquisition date. Intellectual property rights and licences have finite useful lives and are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of intellectual property rights and licences over their estimated useful lives of 10 to 20 years since their respective years of launch. Useful lives of these assets are estimated taking into account (i) the number of years since the relevant games in connection with the intellectual property rights and licences were first launched; (ii) sales performance of the relevant games; and (iii) benchmarking against the useful lives of games with similar attributes in the market.

(c) Acquired computer software

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Group as lessee

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

Warehouses	5 years

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

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

Inventories

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

Recognition and derecognition of financial instruments

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

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

Financial assets of the Group are classified under the following categories:

— Financial assets at amortised cost; and

— Financial assets at FVTPL.

(i) Financial assets at amortised cost

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

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

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

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

(ii) Financial assets at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Other payables

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

Equity instruments

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

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

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

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

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

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

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

Other revenue

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

Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

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

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

Borrowing costs

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

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

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

Taxation

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

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

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

Related parties

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

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

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

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

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

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

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

Impairment of assets

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

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

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

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

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

Provisions and contingent liabilities

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events after the reporting period

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

4 KEY ESTIMATES

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

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

The Group determines the estimated useful lives and related depreciation or amortisation charges of the Group's property, plant and equipment including displays, moulds and tools, art, painting and sculpts, and its intangible assets including product development costs and intellectual property rights. Such estimations were made by reference to the actual useful lives of assets of similar attributes, and the sales performance of the relevant games as regard to product development costs and intellectual property rights. The management will perform annual review and no significant differences between estimated and actual useful lives have been identified.

The Group will revise the depreciation and amortisation charge where useful lives are different from those previously estimated, or it will write off or write down obsolete assets related to the games that have been discontinued to publish or whenever events or circumstances indicate that the carrying value may not be recoverable.

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

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

(c) Net realisable value of inventories

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

(d) Impairment loss for bad and doubtful debts

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

4 KEY ESTIMATES (CONTINUED)

(e) Income taxes

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

(e) Fair value of financial assets at FVTPL

In the absence of quoted market prices in an active market, the Group engages third party qualified valuer to perform the valuation and estimate the fair value of the Group's convertible bonds in Monsoon Digital Pte. Ltd. ("**Monsoon**"), details of which are set out in note 6 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of Monsoon.

5 FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

For the year ended 31 December 2022, if SG$ had strengthened/weakened by 1% against US$ with all other variables including tax rate being held constant, the Group's profit would have been US$38,953 (2021: US$66,018) lower/higher, as a result of currency translation gains/losses on the SG$-denominated financial assets (including bank and cash balances)/liabilities (including borrowings).

(b) Credit risk

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

The Group's trade receivables are primarily related to sales to wholesale customers. The Group has policies in place to ensure that products are sold to wholesale customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade receivables based on historical payment records, the length of the overdue period, the financial strength of the trade debtors and whether there are any disputes with the relevant debtors.

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

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

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

— internal credit rating;

— external credit rating;

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

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

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

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

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

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

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

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

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

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

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Total undiscounted cash flow US$	Carrying amount US$
At 31 December 2022						
Accruals and other payables	204,521	—	—	—	204,521	204,521
Amount due to the ultimate holding company	3	—	—	—	3	3
Amount due to a related company	47,310	—	—	—	47,310	47,310
Borrowings	3,399,639	1,081,768	933,844	1,922,360	7,337,611	7,337,611
Interest on borrowings	227,002	157,687	341,430	516,859	1,242,978	—
	3,878,475	1,239,455	1,275,274	2,439,219	8,832,423	7,589,445
At 31 December 2021						
Accruals and other payables	427,459	—	—	—	427,459	427,459
Amount due to the ultimate holding company	3	—	—	—	3	3
Borrowings	3,216,344	1,131,164	1,862,759	2,100,270	8,310,537	8,310,537
Interest on borrowings	182,475	114,989	147,757	178,158	623,379	—
	3,826,281	1,246,153	2,010,516	2,278,428	9,361,378	8,737,999

(d) Interest rate risk

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

At 31 December 2022, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been US$60,902 (2021: US$68,977) lower/higher, arising mainly as a result of higher/lower interest expense on bank borrowings.

(e) Fair values

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Categories of financial instruments at 31 December

	2022 US$	2021 US$
Financial assets:		
Financial assets at FVTPL	168,000	—
Financial assets at amortised cost (including cash and cash equivalents)	4,245,669	3,664,893
	4,413,669	3,664,893
Financial liabilities:		
Financial liabilities at amortised cost	7,589,445	8,737,999

6 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December:

	Fair value measurements using:			Total
	Level 1 US$	Level 2 US$	Level 3 US$	2022 US$
Recurring fair value measurements:				
Financial assets at FVTPL				
Convertible bonds issued by Monsoon	—	168,000	—	168,000

During the year ended 31 December 2022, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

6 FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December:

For the year ended 31 December 2022, the Group has engaged independent valuers, Masterpiece Valuation Advisory Limited, to determine the fair values of the convertible bonds as at 31 December 2022.

Level 2 fair value measurements

Description	Valuation technique	Input	Fair value 2022 US$
Convertible bonds	Discounted cash flows	Discount rate	168,000

During the year, there were no changes in the valuation techniques used.

7 REVENUE AND SEGMENT INFORMATION

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

The Group's revenue is analysed as follows:

	2022 US$	2021 US$
Sales of products	41,318,303	34,621,241
Shipping income in connection with sale of products	4,018,704	3,091,731
Forfeiture revenue	—	73,380
Revenue from contracts with customers	45,337,007	37,786,352

Disaggregation of revenue from contracts with customers:

Geographical markets

	2022 US$	2021 US$
North and South America	23,337,052	26,751,866
Europe	14,745,380	7,136,225
Asia	5,946,765	3,846,068
Oceania	1,307,810	52,193
	45,337,007	37,786,352

7 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from one customer of the Group represents approximately US$7,079,799 (2021: US$5,446,962) of the Group's total revenue during the year ended 31 December 2022.

For the years ended 31 December 2022 and 2021, all revenue is recognised at a point in time (For the details of revenue recognition of the following sales activities, please referred to the below paragraphs).

Sales of products — wholesale

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

Sales of products — game conventions and online store

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

Sales of products — Kickstarter and crowd-funding platform

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

Shipping income

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

Forfeiture income

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

At 31 December 2022 and 2021, the total non-current assets other than intangible assets, financial assets at FVTPL and deposit placed with a life insurance company were located in the following locations:

	2022 US$	2021 US$
Singapore	17,438,667	13,948,019
The People Republic's of China (the "**PRC**")	2,281,854	3,599,403
North America	—	15,784
	19,720,521	17,563,206

8 OTHER INCOME

	2022 US$	2021 US$
Advertising income	1,573	2,127
Royalty income	100,434	82,269
Interest income from bank	243	346
Government subsidies (note)	28,813	76,735
Other income	7,565	7,836
	138,628	169,313

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

9 OTHER GAIN, NET

	2022 US$	2021 US$
Waiver of bank loans	—	143,614

10 FINANCE COSTS

	2022 US$	2021 US$
Interest on lease liabilities	12,223	16,182
Interest on borrowings	330,688	272,228
	342,911	288,410

11 INCOME TAX EXPENSE

	2022 US$	2021 US$
Current tax		
Under-provision in prior years	—	40,261
Deferred tax (note 30)	492,885	354,959
	492,885	395,220

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 31 December 2022 and 2021. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2022 and 2021 as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2022 and 2021.

11 INCOME TAX EXPENSE (CONTINUED)

Other jurisdictions mainly included Singapore and the United States. Taxation arising in other jurisdictions of which Singapore is at 17% (2021: 17%) and the United States is at 21% (2021: 21%) is calculated at the rates prevailing in the respective jurisdictions.

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and Regulation on Implementation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for the years ended 31 December 2022 and 2021.

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

	2022 US$	2021 US$
Profit before income tax	1,002,986	816,306
Tax at the applicable domestic tax rate of respective companies	97,091	116,748
Tax effect of income not taxable for tax purpose	(5,077)	(6,355)
Tax effect of expenses not deductible for tax purpose	93,003	244,566
Tax effect of tax losses not recognised	307,868	—
Under-provision in prior years	—	40,261
Income tax expense	492,885	395,220

12 PROFIT FOR THE YEAR

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

	2022 US$	2021 US$
Cost of inventories	17,440,611	14,957,703
Shipping and handling charges	6,519,847	5,597,692
Employee benefit expenses	3,887,310	3,157,702
Auditor's remuneration	195,000	195,000
Merchant account fee	1,506,421	1,353,792
Royalty expenses	2,544,374	1,615,539
Marketing expenses	901,818	530,725
Depreciation of property, plant and equipment	2,985,547	2,417,532
Depreciation of right-of-use assets	96,792	100,900
Amortisation of intangible assets	2,079,955	1,949,223
Game development expenses	3,668,242	2,768,405

13 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

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

	Fees US$	Salaries US$	Retirement benefits scheme contributions US$	Total US$
Executive Directors				
David Doust	—	370,687	—	370,687
Ng Chern Ann	—	377,176	9,064	386,240
Koh Zheng Kai	—	251,349	9,064	260,413
David Preti (note a)	—	365,343	—	365,343
	—	1,364,555	18,128	1,382,683
Non-Executive Director				
Chua Oon Kian	36,524	—	—	36,524
	36,524	—	—	36,524
Independent Non-executive Directors				
Wong Yu Shan Eugene	36,000	—	—	36,000
Choy Man	36,000	—	—	36,000
Leung Yuk Hung Paul (note b)	36,000	—	—	36,000
	108,000	—	—	108,000
Total for 2022	144,524	1,364,555	18,128	1,527,207

13 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

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

	Fees US$	Salaries US$	Equity-settled share-based payment US$	Retirement benefits scheme contributions US$	Total US$
Executive Directors					
David Doust	—	266,736	17,087	—	283,823
Ng Chern Ann	—	268,036	17,087	12,240	297,363
Koh Zheng Kai	—	148,850	6,268	12,240	167,358
	—	683,622	40,442	24,480	748,544
Non-Executive Director					
Chua Oon Kian	45,388	—	—	—	45,388
	45,388	—	—	—	45,388
Independent Non-executive Directors					
Wong Yu Shan Eugene	42,000	—	—	—	42,000
Choy Man	41,250	—	—	—	41,250
Leung Yuk Hung Paul (note b)	21,000	—	—	—	21,000
Chong Pheng (note c)	24,197	—	—	—	24,197
	128,447	—	—	—	128,447
Total for 2021	173,835	683,622	40,442	24,480	922,379

Notes:

(a) David Preti was appointed as an executive director of the Company with effect from 22 April 2022.

(b) Leung Yuk Hung Paul was appointed as an independent non-executive director of the Company with effect from 27 May 2021.

(c) Chong Pheng was resigned as an independent non-executive director of the Company with effect from 27 May 2021.

13 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included 4 (2021: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 1 (2021: 2) individuals are set out below:

	2022 US$	2021 US$
Salaries and allowance	239,690	368,314
Equity-settled share-based payment	—	16,086
	239,690	384,400

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
HK$1,000,001 to HK$1,500,000	—	1
HK$1,500,001 to HK$2,000,000	1	1

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

14 DIVIDENDS

The Directors do not recommend any payment of dividends for the years ended 31 December 2022 (2021: nil).

15 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US$579,571 (2021: US$421,086) and the weighted average number of ordinary shares of 1,806,000,000 (2021: 1,806,000,000) in issue during the year.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2022 and 2021.

16 PROPERTY, PLANT AND EQUIPMENT

	Art, painting & sculpts	Computer equipment	Displays, moulds & tools	Furniture and fixtures	Motor vehicles	Office units	Furniture fittings and equipment	Total
	US$	US$	US$	US$	US$	US$	US$	US$
COST								
At 1 January 2021	11,582,132	447,801	6,410,009	372,335	189,235	4,614,889	468,736	24,085,137
Additions	4,310,078	34,019	1,223,014	37,603	—	—	22,003	5,626,717
At 31 December 2021 and 1 January 2022	15,892,210	481,820	7,633,023	409,938	189,235	4,614,889	490,739	29,711,854
Additions	4,851,197	67,048	345,230	2,369	—	—	—	5,265,844
At 31 December 2022	20,743,407	548,868	7,978,253	412,307	189,235	4,614,889	490,739	34,977,698
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2021	4,053,846	304,346	4,483,435	281,034	117,811	593,734	255,474	10,089,680
Charge for the year	1,412,936	59,733	697,165	57,461	11,904	86,183	92,150	2,417,532
At 31 December 2021 and 1 January 2022	5,466,782	364,079	5,180,600	338,495	129,715	679,917	347,624	12,507,212
Charge for the year	1,887,683	58,358	825,867	38,555	10,205	86,108	78,771	2,985,547
At 31 December 2022	7,354,465	422,437	6,006,467	377,050	139,920	766,025	426,395	15,492,759
CARRYING AMOUNTS								
At 31 December 2022	13,388,942	126,431	1,971,786	35,257	49,315	3,848,864	64,344	19,484,939
At 31 December 2021	10,425,428	117,741	2,452,423	71,443	59,520	3,934,972	143,115	17,204,642

Notes:

The Group's office units with total carrying amounts of approximately US$3,848,864 as at 31 December 2022 (2021: approximately US$3,934,972) have been pledged to a bank for credit facilities granted to the Group (note 26).

17 RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2022 US$	2021 US$
At 31 December:		
Right-of-use assets		
— Warehouses	235,582	358,564
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
— Less than 1 year	113,677	117,968
— Between 1 and 2 years	119,361	123,586
— Between 2 and 5 years	62,522	197,737
	295,560	439,291
Year ended 31 December:		
Depreciation of right-of-use assets		
— Warehouse	96,792	100,900
Lease interests	12,223	16,182
Total cash outflow for leases	111,456	110,654

The Group leases various warehouses. Lease agreements are typically made for fixed periods of 5 years (2021: 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

18 INTANGIBLE ASSETS

	Intellectual property rights and licences US$	Product development costs US$	Computer software US$	Total US$
COST				
At 1 January 2021	10,772,292	8,454,442	226,440	19,453,174
Additions	1,266,675	229,256	—	1,495,931
At 31 December 2021 and 1 January 2022	12,038,967	8,683,698	226,440	20,949,105
Additions	—	1,201,377	—	1,201,377
At 31 December 2022	12,038,967	9,885,075	226,440	22,150,482
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2021	4,303,957	3,806,943	206,310	8,317,210
Amortisation for the year	868,635	1,075,133	5,455	1,949,223
At 31 December 2021 and 1 January 2022	5,172,592	4,882,076	211,765	10,266,433
Amortisation for the year	894,894	1,179,737	5,324	2,079,955
At 31 December 2022	6,067,486	6,061,813	217,089	12,346,388
CARRYING AMOUNTS				
At 31 December 2022	5,971,481	3,823,262	9,351	9,804,094
At 31 December 2021	6,866,375	3,801,622	14,675	10,682,672

19 DEPOSIT PLACED WITH A LIFE INSURANCE COMPANY

	2022 US$	2021 US$
Deposit placed with a life insurance company	199,400	199,400

During the year ended 31 December 2021, the Group entered into life insurance policies with an insurance company to insure an executive director. Under the policy, the beneficiary and policy holder is the Company and the total insured sum is approximately US$200,000. The deposits placed with a life insurance company was pledged to a bank for credit facilities granted to the Group (note 26).

The insurance company will pay the Group a guaranteed interest rate of 3.5% per annum, which is also the effective interest rate for the deposit placed on initial recognition, determined by discounting the estimated future cash receipts through the expected life of the insurance policy of 79 years, excluding the financial effect of surrender charge.

The Directors considered that the possibility of terminating the policy during the 1st to 79th policy year was low and the expected life of the life insurance policy remained unchanged since the initial recognition, accordingly, the difference between the carrying amount of deposit placed with a life insurance company as at inception date and the gross premium paid plus accumulated interest earned and minus the insurance premium charge of the life insurance policy is insignificant.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 US$	2021 US$
Financial assets at FVTPL		
— Convertible bonds issued by Monsoon	168,000	—

On 14 February 2022 ("**Issue Date**"), the Group subscribed the convertible bonds issued by the related company, Monsoon, with the total principal amount of US$280,000 and at an interest rate of 2% per annum. The convertible bonds will due on the fifth anniversary of the Issue Date.

The Group has engaged an independent valuer, Masterpiece Valuation Advisory Limited, to determine the fair values of the convertible bonds as at 31 December 2022. For the fair value measurement of the convertible bond, please refer to note 6.

21 INVENTORIES

	2022 US$	2021 US$
Trading merchandise	2,519,611	1,401,512

22 TRADE AND OTHER RECEIVABLES

	2022 US$	2021 US$
Trade receivables	1,240	168,041
Provision for loss allowance	(1,240)	(1,240)
	—	166,801
Other receivables	47,092	110,000
	47,092	276,801

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

During the years ended 31 December 2022 and 2021, the Group granted credit terms of 0 to 30 days to its customers.

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

	2022 US$	2021 US$
1–30 days	—	96,978
31–90 days	—	57,600
91–180 days	—	7,400
181–365 days	—	4,823
	—	166,801

Reconciliation of loss allowance for trade receivables:

	2022 US$	2021 US$
At beginning and end of year	1,240	1,240

22 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Within 30 days	Over 30 days past due	Over 90 days past due	Over 180 days past due	Total
At 31 December 2022					
Weighted average expected loss rate	—	—	—	100%	
Receivable amount (US$)	—	—	—	1,240	1,240
Loss allowance (US$)	—	—	—	1,240	1,240

	Within 30 days	Over 30 days past due	Over 90 days past due	Over 180 days past due	Total
At 31 December 2021					
Weighted average expected loss rate	—	—	—	20.5%	
Receivable amount (US$)	96,978	57,600	7,400	6,063	168,041
Loss allowance (US$)	—	—	—	1,240	1,240

23 PREPAYMENTS AND DEPOSITS

	2022 US$	2021 US$
Advances to suppliers	592,198	2,720,023
Prepaid royalties and game development costs	626,937	570,808
Other prepayments	1,777	567
Deposits	100,171	98,572
	1,321,083	3,389,970

24 BANK AND CASH BALANCES

As at 31 December 2022, the bank and cash balances of the Group denominated in Renminbi ("**RMB**") amounted to US$145,596 (2021: US$498,878). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

25 ACCRUALS AND OTHER PAYABLES

	2022 US$	2021 US$
Accruals for audit fee	125,000	195,000
Other accrued operating expenses	79,521	232,459
	204,521	427,459

26 BORROWINGS

	2022 US$	2021 US$
Bank borrowings	7,337,611	8,310,537

The borrowings are repayable as follows:

	2022 US$	2021 US$
On demand or within one year	3,399,639	3,216,344
In the second year	1,081,768	1,131,164
In the third to fifth years, inclusive	933,844	1,862,759
After five years	1,922,360	2,100,270
	7,337,611	8,310,537
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,399,639)	(3,216,344)
Amount due for settlement after 12 months	3,937,972	5,094,193

As at 31 December 2022, including in the bank borrowings, trade loans amounting to US$2,346,597 (2021: US$1,868,286) will mature in 2023, bear interest rates at the bank's prevailing 1-month Cost of Funds +2.5% (2021: bank's prevailing 1-month Cost of Funds +2.5%), and are secured by a corporate guarantee from the Company and its subsidiary, first fixed and floating charge over the Group's assets and undertakings, and an assignment of life insurance (note 19).

As at 31 December 2022, including in the bank borrowings, the amount of US$2,829,863 (2021: US$3,000,694) will mature in 2037, bears interest rate ranging from 5.03% to 5.08% (2021: 2.35% to 2.45%) annually for the subsequent one year and at prevailing enterprise financing rate for the remaining tenures and are secured by first mortgage over the Group's office units and a corporate guarantee from the Company.

As at 31 December 2022, including in the bank borrowings, the amount of US$2,161,151 (2021: US$3,194,454) will mature in 2025, bears interest at 3% (2021: 3%) per annum and secured by corporate guarantees from the Company and its subsidiary.

26 BORROWINGS (CONTINUED)

As at 31 December 2021, including in the bank borrowings, the amount of US$247,103 will mature in 2022 and bears interest rate at the bank's prevailing 1-month Cost of Funds +3.5%. Including in the amount of US$247,103, the amount of bank borrowings US$104,711 are secured by first mortgage over the Group's office units and a corporate guarantee from the Company, and the remaining amount of US$142,392 is secured by first debenture fixed and floating charge on the Group's assets and undertakings, corporate guarantees from the Company and its subsidiary and an assignment of life insurance (note 19). During the year ended 31 December 2022, the principal amount of US$247,103 and the accrued interests were fully repaid.

27 AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY/A RELATED PARTY

The amounts due are unsecured, interest-free and repayable on demand.

28 CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 31 December 2022 US$	As at 31 December 2021 US$	As at 1 January 2021 US$
Contract liabilities	8,260,943	6,919,605	4,659,227
Contract receivables (included in trade receivables)	—	166,801	1,311,562
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
— 2022	—	6,919,605	
— 2023	8,260,943	—	
	8,260,943	6,919,605	

Significant changes in contract liabilities during the year:

	2022 Contract liabilities US$	2021 Contract liabilities US$
Increase due to operations in the year	27,119,431	19,579,856
Transfer of contract liabilities to revenue	(25,778,093)	(17,319,478)

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

29 LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2022	2021	2022	2021
	US$	US$	US$	US$
Within one year	113,677	117,968	105,385	105,031
In the second to fifth years, inclusive	181,883	321,323	176,785	306,767
	295,560	439,291		
Less: Future finance charges	(13,390)	(27,493)		
Present value of lease liabilities	282,170	411,798	282,170	411,798
Less: Amount due for settlement within 12 months (shown under current liabilities)			(105,385)	(105,031)
Amount due for settlement after 12 months			176,785	306,767

At 31 December 2022, the average effective borrowing rate was 3.54% (2021: 3.54%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

30 DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation
	US$
At 1 January 2021	2,039,928
Charge to consolidated profit or loss (note 11)	354,959
At 31 December 2021 and 1 January 2022	2,394,887
Charge to consolidated profit or loss (note 11)	492,885
At 31 December 2022	2,887,772

At end of the 31 December 2022, the Group has unused tax losses of approximately US$1,379,978 (2021: Nil) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

31 SHARE CAPITAL

	Number of shares of the Company	Share capital US$
Authorised		
Ordinary share capital of HK$0.00005 each at 31 December 2022 and 2021	7,600,000,000	49,147
Issued and fully paid		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,806,000,000	11,700

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

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

32 SHARE-BASED PAYMENTS

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

32 SHARE-BASED PAYMENTS (CONTINUED)

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

For the year ended 31 December 2022

	Position held in the Company	Outstanding at 1 January and 31 December 2022	Grant date	Validity period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price
Mr. NG Chern Ann	Executive Director	5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,270,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. David DOUST	Executive Director	5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,270,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. KOH Zheng Kai	Executive Director	1,933,333	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		1,933,333	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		1,933,334	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. Frederick CHUA Oon Kian	Non-executive Director	2,790,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		2,790,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. David PRETI	Executive Director	5,166,666	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,166,666	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,166,668	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
		57,880,000				
Exercisable at the end of the year		57,880,000				
Weighted average exercise price (HK$)		0.232				
Weighted average remaining contractual life of options outstanding at the end of the year		5.62 years				

32 SHARE-BASED PAYMENTS (CONTINUED)

For the year ended 31 December 2021

	Position held in the Company	Outstanding at 1 January 2021	Forfeitured during the year	Outstanding at 31 December 2021	Grant date	Validity period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price
Mr. NG Chern Ann	Executive Director	5,115,000	—	5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,115,000	—	5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,270,000	—	5,270,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. David DOUST	Executive Director	5,115,000	—	5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,115,000	—	5,115,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,270,000	—	5,270,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. KOH Zheng Kai	Executive Director	1,933,333	—	1,933,333	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		1,933,333	—	1,933,333	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		1,933,334	—	1,933,334	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
Mr. Frederick CHUA Oon Kian	Non-executive Director	2,790,000	—	2,790,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		2,790,000	—	2,790,000	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. CHONG Pheng	Independent Non-executive Director	2,790,000	(2,790,000)	—	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		2,790,000	(2,790,000)	—	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
Mr. David PRETI	Employee	5,166,666	—	5,166,666	13/08/2018	13/8/2018 to 12/8/2028	13/8/2019 to 12/8/2028	HK$0.232
		5,166,666	—	5,166,666	13/08/2018	13/8/2018 to 12/8/2028	13/8/2020 to 12/8/2028	HK$0.232
		5,166,668	—	5,166,668	13/08/2018	13/8/2018 to 12/8/2028	13/8/2021 to 12/8/2028	HK$0.232
		63,460,000	(5,580,000)	57,880,000				
Exercisable at the end of the year				57,880,000				
Weighted average exercise price (HK$)				0.232				
Weighted average remaining contractual life of options outstanding at the end of the year				6.62 years				

32 SHARE-BASED PAYMENTS (CONTINUED)

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

	Share option granted on 25 September 2019	Share option granted on 13 August 2018
Valuation date	25/09/2019	13/08/2018
Expected volatility	41.009%	50.096%
Expected life	9 years	10 years
Risk free rate	1.143%	2.104%
Expected dividend yield	0.000%	0.000%
Underlying stock price	HK$0.110	HK$0.232
Fair value of share option	HK$816,000	HK$8,870,000

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES OF THE COMPANY

	2022 US$	2021 US$
Non-current assets		
Investment in subsidiaries	14,100,989	14,100,989
Current assets		
Amounts due from subsidiaries	4,345,937	4,102,507
Current liabilities		
Accruals and other payables	—	107,152
Amount due to the ultimate holding company	3	3
	3	107,155
Net current assets	4,345,934	3,995,352
Net assets	18,446,923	18,096,341
Capital and reserves		
Share capital	11,700	11,700
Reserve	18,435,223	18,084,641
Total equity	18,446,923	18,096,341

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES OF THE COMPANY (CONTINUED)

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

	Capital reserves US$	Share premium US$	Share-based compensation reserve US$	Accumulated losses US$	Total US$
At 1 January 2021	54,193,547	12,384,133	910,304	(49,876,935)	17,611,049
Total comprehensive income for the year	—	—	—	417,064	417,064
Recognition of equity-settled share-based payments	—	—	56,528	—	56,528
Forfeiture of share option	—	—	(85,373)	85,373	—
At 31 December 2021 and 1 January 2022	**54,193,547**	**12,384,133**	**881,459**	**(49,374,498)**	**18,084,641**
Total comprehensive income for the year	**—**	**—**	**—**	**350,582**	**350,582**
At 31 December 2022	**54,193,547**	**12,384,133**	**881,459**	**(49,023,916)**	**18,435,223**

34 RELATED PARTY TRANSACTIONS

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

(a) Balances with related party

The related company, Monsoon, issued a convertible bond for a loan of US$280,000 and at an interest rate of 2% per annum. A director, Mr. Ng Chern Ann, has control over the related company.

(b) Compensation of key management personnel:

	2022 US$	2021 US$
Salaries and allowances	**1,748,769**	1,225,771
Equity-settled share-based payments	**—**	56,528
Contributions to retirement benefits schemes	**18,128**	24,480
	1,766,897	1,306,779

Further details of the director's emoluments are included in note 13.

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Name of subsidiary	Place of incorporation/ Place of operation	Particulars of issued capital and registered capital	Percentage of ownership interest/voting power		Principal activities
			2022	2021	
CMON Production Limited	British Virgin Islands/ Singapore	US$1	100%	100%	Investment holding
CMON Global Limited	Cayman Island/ Singapore	US$1	100%	100%	Publishing and sale of tabletop hobby games
CMON Pte. Ltd.	Singapore/Singapore	US$500,000	100%	100%	Publishing and sale of tabletop hobby games
CMON Inc.	United States ("**USA**")/ USA	US$1	100%	100%	Distribution of tabletop hobby games
CMON Conventions Inc.	USA/USA	US$1	100%	100%	Organisation of game conventions
CMON Games Inc.	Canada/Canada	Canada Dollar 100	100%	100%	Provision of sales administrative services
CMON Hong Kong Limited	Hong Kong/Hong Kong	HK$1	100%	100%	Dormant
Geekfunder Inc.	USA/USA	US$100	100%	100%	Dormant
CMON Asia Pte. Ltd.	Singapore/Singapore	US$1,000	100%	100%	Dormant
佛山戲夢桌遊貿易有限公司 (Note 1)	PRC/PRC	US$350,000 (2021: US$250,000)	100%	100%	Provision of sales administrative services
戲夢未來(北京)文化科技有限公司 (Note 2)	PRC/PRC	RMB51,000	51%	—	Dormant
CMON Japan 合同會社	Japan/Japan	JPY100,000	100%	—	Dormant
CMON (Thailand) Co. Ltd	Thailand/Thailand	THB5,000,000	100%	—	Dormant

Notes:

1. The Company is a wholly-foreign owned enterprise established in the PRC.

2. The Company is a sino-foreign owned enterprise established in the PRC.

36 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Amount due to a related party	Borrowings	Lease liabilities	Total liabilities from financing activities
	US$	US$	US$	US$
At 1 January 2021	—	8,843,419	465,074	9,308,493
Changes in cash flows				
New bank borrowings raised	—	8,934,644	—	8,934,644
Repayment of bank borrowings	—	(9,323,912)	—	(9,323,912)
Repayment of lease liabilities	—	—	(94,472)	(94,472)
Interest paid	—	(272,228)	—	(272,228)
Lease interest paid	—	—	(16,182)	(16,182)
Non-cash changes				
Transferred to other payables	—	(143,614)	—	(143,614)
Interest expenses (note 10)	—	272,228	16,182	288,410
Exchange difference	—	—	41,196	41,196
At 31 December 2021 and 1 January 2022	**—**	**8,310,537**	**411,798**	**8,722,335**
Changes in cash flows				
New bank borrowings raised	**—**	**11,151,015**	**—**	**11,151,015**
Repayment of bank borrowings	**—**	**(12,123,941)**	**—**	**(12,123,941)**
Repayment of lease liabilities	**—**	**—**	**(99,233)**	**(99,233)**
Interest paid	**—**	**(330,688)**	**—**	**(330,688)**
Lease interest paid	**—**	**—**	**(12,223)**	**(12,223)**
Advance from a related party	**47,310**	**—**	**—**	**47,310**
Non-cash changes				
Interest expenses (note 10)	**—**	**330,688**	**12,223**	**342,911**
Exchange difference	**—**	**—**	**(30,395)**	**(30,395)**
At 31 December 2022	**47,310**	**7,337,611**	**282,170**	**7,667,091**

37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Directors on 30 March 2023.

FINANCIAL SUMMARY

	Year ended 31 December				
	2018	2019	2020	2021	2022
	US$	US$	US$	US$	US$
Revenue	28,207,411	30,460,303	25,138,861	37,786,352	**45,337,007**
Gross Profit	14,801,842	14,605,352	9,350,439	14,486,401	**18,416,170**
Profit/(loss) before income tax	2,326,955	(554,284)	(4,847,320)	816,306	**1,002,986**
Profit/(loss) and total comprehensive income/(loss) for the year attributable to equity holders of the Company	2,046,945	(763,186)	(4,903,877)	421,086	**579,571**

	As at 31 December				
	2018	2019	2020	2021	2022
	US$	US$	US$	US$	US$
Total assets	38,059,880	39,796,679	34,362,500	36,603,681	**37,678,807**
Total liabilities	15,565,581	17,505,243	16,739,751	18,507,340	**19,063,382**
Total equity	22,494,299	22,291,436	17,622,749	18,096,341	**18,615,425**