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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of CMON Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 together with the comparative figures for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	US\$	US\$
Revenue	2, 3	21,188,346	15,192,007
Cost of sales	4	<u>(11,436,468)</u>	<u>(8,320,159)</u>
Gross profit		9,751,878	6,871,848
Other income		20,719	73,096
Other gain, net	5	3,858	4,975
Selling and distribution expenses		(3,447,270)	(2,508,956)
General and administrative expenses		<u>(5,747,175)</u>	<u>(4,124,244)</u>

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
Operating profit		582,010	316,719
Finance costs		<u>(205,225)</u>	<u>(161,004)</u>
Profit before income tax		376,785	155,715
Income tax expense	6	<u>(87,665)</u>	<u>(21,356)</u>
Profit after income tax	4	289,120	134,359
Other comprehensive (loss)/gain		<u>(2,138)</u>	<u>4,022</u>
		<u>286,982</u>	<u>138,381</u>
Total comprehensive income for the period			
attributable to:			
Owners of the Company		283,673	—
Non-controlling interests		<u>5,447</u>	—
		<u>286,982</u>	<u>138,381</u>
Earnings per share attributable to equity holders			
of the Company during the period	7	<u>0.00016</u>	<u>0.00008</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 (Unaudited) <i>US\$</i>	As at 31 December 2022 (Audited) <i>US\$</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	9	20,027,896	19,484,939
Intangible assets	10	9,660,524	9,804,094
Convertible bond loan issued by related party	13	168,000	168,000
Rights-of-use assets		219,019	235,582
Pledged deposit		199,400	199,400
		<u>30,274,838</u>	<u>29,892,015</u>
Current assets			
Inventories		344,001	2,519,611
Trade and other receivables	11	1,173,228	47,092
Prepayments and deposits		3,866,512	1,321,083
Cash and cash equivalents		4,083,221	3,899,006
		<u>9,466,962</u>	<u>7,786,792</u>
Total assets		<u>39,741,801</u>	<u>37,678,807</u>
EQUITY			
Share capital	12	11,700	11,700
Share premium		12,384,133	12,384,133
Retained earnings		4,964,220	4,680,547
Capital reserves		780,499	780,499
Share-based compensation reserves		881,459	881,459
Exchange reserves		(58,404)	(56,266)
Non-controlling interests		(61,200)	(66,647)
Total equity		<u>18,902,407</u>	<u>18,615,425</u>

		As at 30 June 2023 (Unaudited) US\$	As at 31 December 2022 (Audited) US\$
LIABILITIES			
Non-current liabilities			
Bank Borrowings		5,991,869	3,937,972
Deferred income tax liabilities		2,394,887	2,887,772
Lease liabilities		377,211	176,785
		<u>8,763,967</u>	<u>7,002,529</u>
Current liabilities			
Accruals and other payables		593,283	204,521
Bank borrowings		1,064,818	3,399,639
Amount due to ultimate holding company	13	—	3
Amount due to a related party	13	47,310	47,310
Income tax payable		—	43,052
Contract liabilities	14	10,376,626	8,260,943
Lease liabilities		(6,609)	105,385
		<u>12,075,428</u>	<u>12,060,853</u>
Total liabilities		<u>20,839,395</u>	<u>19,063,382</u>
Total equity and liabilities		<u>39,741,801</u>	<u>37,678,807</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share Capital <i>US\$</i>	Share Premium <i>US\$</i>	Retained Earnings <i>US\$</i>	Capital Reserves <i>US\$</i>	Shared Based Reserves <i>US\$</i>	Exchange Reserves <i>US\$</i>	Non- controlling interests <i>US\$</i>	Total <i>US\$</i>
At 1 January 2023 (Audited)	11,700	12,384,133	4,680,547	780,499	881,459	(56,266)	(66,647)	18,615,425
Comprehensive income								
Profit for the period (unaudited)	—	—	283,673	—	—	—	5,447	289,120
Other comprehensive loss (unaudited)	—	—	—	—	—	(2,138)	—	(2,138)
Employee share option granted (unaudited)	—	—	—	—	—	—	—	—
Total comprehensive income/ (loss)	—	—	283,673	—	—	(2,138)	5,447	286,982
At 30 June 2023 (Unaudited)	<u>11,700</u>	<u>12,384,133</u>	<u>4,964,220</u>	<u>780,499</u>	<u>881,459</u>	<u>(58,404)</u>	<u>(61,200)</u>	<u>18,902,407</u>
At 1 January 2022 (Audited)	11,700	12,384,133	4,100,976	780,499	881,459	(62,426)	—	18,096,341
Comprehensive income								
Profit for the period (unaudited)	—	—	134,359	—	—	—	—	134,359
Other comprehensive income (unaudited)	—	—	—	—	—	4,022	—	4,022
Employee share option granted (unaudited)	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	134,359	—	—	4,022	—	138,381
At 30 June 2022 (Unaudited)	<u>11,700</u>	<u>12,384,133</u>	<u>4,235,335</u>	<u>780,499</u>	<u>881,459</u>	<u>(58,404)</u>	<u>—</u>	<u>18,234,721</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Net cash generated from operating activities	4,527,069	2,978,625
Net cash used in investing activities	(2,303,936)	(4,458,950)
Net cash generated from financing activities	<u>(2,036,780)</u>	<u>1,321,144</u>
Net increase/(decrease) in cash and cash equivalents	186,353	(159,181)
Cash and cash equivalents at beginning of period	3,899,006	3,090,120
Exchange difference	<u>(2,138)</u>	<u>4,022</u>
Cash and cash equivalents at end of the period	<u><u>4,083,221</u></u>	<u><u>2,934,961</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

(a) Application of new and amendments to IFRSs

In the current period, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2022, as described in those consolidated financial statements and no new policy was introduced for application.

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

New standards and amendments to standards are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2022 which have not come into effect for the financial year beginning 1 January 2023, and have not been early adopted by the Group in preparing the unaudited condensed consolidated financial statements. None of these is expected to have a significant effect on the unaudited condensed consolidated financial statements of the Group based on the preliminary assessment made by management.

2. SEGMENT INFORMATION

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

During the six months ended 30 June 2023 and 2022, revenue was earned from customers located in the following geographical areas:

	Six months ended 30 June	
	2023 (Unaudited) US\$	2022 (Unaudited) US\$
North America	8,946,154	6,579,987
Europe	7,501,265	4,783,310
Oceania	552,437	306,952
Asia	4,188,491	3,220,675
South America	—	301,082
	<u>21,188,346</u>	<u>15,192,007</u>

3. REVENUE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Sales of products	20,083,473	14,548,252
Shipping income in connection with sales of products	1,104,873	643,755
	<u>21,188,346</u>	<u>15,192,007</u>

4. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Cost of inventories	8,208,838	6,220,675
Games development expenses	2,812,818	1,278,756
Merchant account fees	803,682	669,361
Depreciation	1,514,974	1,457,068
Amortisation	884,911	674,392
Convention expenses	136,281	57,594
	<u>136,281</u>	<u>57,594</u>

5. OTHER GAIN, NET

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Exchange gain	3,858	4,975
	<u>3,858</u>	<u>4,975</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Current income tax expense	87,665	21,356
Deferred tax expenses	—	—
	<u>87,665</u>	<u>21,356</u>

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

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and Regulation on Implementation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for the six months ended 30 June 2023.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (US\$)	286,982	138,381
Weighted average number of ordinary shares in issue	<u>1,806,000,000</u>	<u>1,806,000,000</u>
Basic earnings per share (US\$)	<u>0.00016</u>	<u>0.00008</u>

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2023 and 2022.

8. INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment amounting to approximately US\$2.0 million (for the six months ended 30 June 2022: approximately US\$2.0 million).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2023, the Group spent approximately US\$0.8 million on acquisition of intangible assets (for the six months ended 30 June 2022: approximately US\$1.0 million).

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 (Unaudited) US\$	As at 31 December 2022 (Audited) US\$
Trade receivables	565,443	1,240
Less: Provision for loss allowance	—	1,240
	<u>565,443</u>	<u>—</u>
Other receivables	607,785	47,092
	<u>1,173,228</u>	<u>47,092</u>

During the six months ended 30 June 2023 and the year ended 31 December 2022, the Group granted credit terms of 0 to 30 days and 0 to 60 days to its customers, respectively.

As at 30 June 2023 and 31 December 2022, the ageing analysis of trade and other receivables by the date on which the respective sales invoices were issued is as follows:

	As at 30 June 2023 (Unaudited) US\$	As at 31 December 2022 (Audited) US\$
Less than 30 days	827,751	—
30 days to 90 days	290,785	—
91 days to 180 days	7,600	47,092
181 days to 365 days	—	—
Over 365 days	47,092	—
	<u>1,173,228</u>	<u>47,092</u>

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of the Company	Share capital US\$	Share premium US\$
Authorised:			
Ordinary share capital of HK\$0.0005 each on			
1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	7,600,000,000	49,147	—
	<u>7,600,000,000</u>	<u>49,147</u>	<u>—</u>
	Number of shares of the Company	Share capital US\$	Share premium US\$
Issued and fully paid:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	1,806,000,000	11,700	12,384,133
	<u>1,806,000,000</u>	<u>11,700</u>	<u>12,384,133</u>

13. RELATED PARTY TRANSACTION

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

(a) Balances with related party

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

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

As at 30 June 2023, the amount due to ultimate holding company was unsecured, interest-free, denominated in US\$ and repayable on demand. The related company issued a convertible bond on 14 February 2022 (the “**Issue Date**”) for a loan of US\$280,000 and at an interest rate of 2% per annum, which was subscribed by the Group. The convertible bonds will be due on the fifth anniversary of the Issue Date.

(b) Key management compensation

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Wages and salaries	560,111	557,529
Directors' fees	72,000	72,000
Pension costs — defined contribution plans	145,250	102,088
	<u>777,361</u>	<u>731,617</u>

14. CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 30 June 2023 (Unaudited) US\$	As at 31 December 2022 (Audited) US\$
Contract liabilities	<u>10,376,626</u>	<u>8,260,943</u>

Significant changes in contract liabilities during the period:

	As at 30 June 2023 (Unaudited) US\$	As at 31 December 2022 (Audited) US\$
Increase due to operations during the period	13,164,418	27,119,431
Transfer of contract liabilities to revenue	<u>(11,048,735)</u>	<u>(25,778,093)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Model and Business Overview

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

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

As at the date of this interim results announcement, we offer a total of 127 games, comprising 121 board games, three miniature war games, two mobile games and one computer game.

Long-Term Strategies and Outlook

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

We strive to become a leading developer and publisher of quality tabletop games and are optimistic about the growth and development of the tabletop games industry. During the six months ended 30 June 2023, we launched two Kickstarter games, namely *Marvel United: Multiverse* and *Zombicide: White Death* and raised approximately US\$4.8 million and US\$3.8 million, respectively. We will continue to launch games that will not only help us retain a significant number of players, but will also help us attract new players, so we can grow our revenue base and sustain our competitive position. We will continue to expand our geographical coverage with an aim to increase market share as we make our games known to more Asian players.

Financial Review

Revenue

Revenue increased by approximately 39.5% from approximately US\$15.2 million for the six months ended 30 June 2022 to approximately US\$21.2 million for the six months ended 30 June 2023, mainly due to the increase in recognition of Kickstarter sales from 4 games for the six months ended 30 June 2022 to 7 games for the six months ended 30 June 2023. In addition, revenue per game recognized from Kickstarter sales during the six months ended 30 June 2023 was higher than the previous corresponding period.

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

	Six months ended 30 June			
	2023		2022	
	(Unaudited)		(Unaudited)	
	US\$	%	US\$	%
Direct				
Kickstarter	11,048,735	52.1	6,389,008	42.1
Online store and game conventions	448,539	2.1	44,706	0.3
Mobile games	743	—	106	—
Wholesalers	9,690,329	45.8	8,758,187	57.6
Total	21,188,346	100.0	15,192,007	100.0

Cost of Sales

Our cost of sales increased by approximately 37.5% from approximately US\$8.3 million for the six months ended 30 June 2022 to approximately US\$11.4 million for the six months ended 30 June 2023. The increase was mainly due to the increase in sales. Cost of inventory increased by approximately 32.0% from approximately US\$6.2 million for the six months ended 30 June 2022 to approximately US\$8.2 million for the six months ended 30 June 2023.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 41.9% from approximately US\$6.9 million for the six months ended 30 June 2022 to approximately US\$9.8 million for the six months ended 30 June 2023, mainly due to the higher Kickstarter sales. Our gross profit margin increased from approximately 45.2% for the six months ended 30 June 2022 to approximately 46.0% for the six months ended 30 June 2023.

Other Income

Other income amounted to US\$73,096 and US\$20,719 for the six months ended 30 June 2022 and 2023, respectively, and the decrease was mainly due to a large amount of government subsidy received in 2022 because of the COVID-19 pandemic.

Selling and Distribution Expenses

Selling and distributing expenses amounted to approximately US\$2.5 million and approximately US\$3.4 million for the six months ended 30 June 2022 and 2023, respectively. This was mainly due to the increase in travelling expenses to game conventions and shows and increase in headcount in the sales department.

General and Administrative Expenses

Our general and administrative expenses for the six months ended 30 June 2022 were approximately US\$4.1 million and increased to approximately US\$5.7 million for the six months ended 30 June 2023, mainly due to the increase in game development expenses, as we increase the number of games being developed concurrently, with the aim of increasing sales and market share.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2023, we financed our operations mainly through cash generated from our internally generated funds and external borrowings.

As at 30 June 2023, the Group's total bank borrowings were approximately US\$7.1 million (31 December 2022: approximately US\$7.3 million), of which (i) approximately US\$2.8 million were denominated in Singapore dollars, with a tenor of 20 years and interests charged at fixed rates from drawdown date till the end of the second year from the respective dates of the banking facility letters and at floating rates for subsequent years; (ii) approximately US\$1.8 million were denominated in Singapore dollars, with a tenor of 4 years and interests charged at floating rates; and (iii) approximately US\$2.5 million were denominated in United States dollars, with a tenor of 120 days to 4 years and interests charged at floating rates. Bank borrowings of approximately US\$2.5 million were secured by the Group's properties in Singapore, a corporate guarantee from the Company and a charge over all fixed deposits placed with the relevant bank. As at 30 June 2023, the Group's bank borrowings were repayable as follows:

	As at 30 June 2023 (Unaudited) US\$	As at 31 December 2022 (Audited) US\$
Bank Borrowings		
Within 1 year	4,035,389	3,399,639
Between 1 and 2 years	997,421	1,081,768
Between 2 and 5 years	918,135	933,844
Over 5 years	1,105,742	1,922,360
Total	7,056,687	7,337,611

As at 30 June 2023 and 31 December 2022, we had total cash and cash equivalents and pledged deposit of approximately US\$4.3 million and approximately US\$4.1 million, respectively, which were cash at banks and on hand, denominated in United States dollars, Singapore dollars, Renminbi and Hong Kong dollars.

TREASURY POLICIES

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

CAPITAL STRUCTURE

As at 30 June 2023, the Group's capital structure consisted of bank borrowings, capital and reserves attributable to equity holders of the Company, comprising share capital, share premium, retained earnings, capital reserves and other reserves.

The board lot size of the ordinary shares with par value of HK\$0.00005 each in the share capital of the Company trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was changed from 10,000 shares per lot to 70,000 shares per lot with effect from 9:00 a.m. on 11 July 2023.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2023, the Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

On 20 July 2023, an agreement was reached between CMON Global Limited, an indirect wholly-owned subsidiary of the Company, as the vendor, and Ms. Maria Hartati, an independent third party, as the purchaser in respect of the sale and purchase of a property situated at 201 Henderson Road #09-23/24, Apex @ Henderson, Singapore 159545 for a total consideration of S\$3,025,000. The transaction is expected to be completed on or before the close of business on 13 October 2023. Please refer to the announcements of the Company dated 20 July 2023 and 3 August 2023 for details.

INFORMATION ON EMPLOYEES

As at 30 June 2023, the Group had 83 employees (30 June 2022: 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 individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident fund contributions) for the six months ended 30 June 2023 amounted to approximately US\$2.3 million (for the six months ended 30 June 2022: approximately US\$1.8 million).

CHARGES ON ASSETS

As at 30 June 2023, properties with net book value of approximately US\$3.8 million (31 December 2022: approximately US\$3.8 million) were charged as collateral for bank borrowings.

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

GEARING RATIO

As at 30 June 2023, the Group had short-term and long-term bank borrowings of approximately US\$4.0 million and approximately US\$3.1 million, respectively (31 December 2022: approximately US\$3.4 million and approximately US\$3.9 million, respectively).

As at 30 June 2023, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 51.7% (31 December 2022: approximately 50.6%).

EXPOSURE TO FOREIGN EXCHANGE

The Group operates mainly out of Singapore and China, while its main customer base is located in the United States. As such, most of the Group's transactions are denominated in US dollars. The Group currently does not have a foreign currency hedging policy. However, the Group will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency risk should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. Save as disclosed in this interim results announcement, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the six months ended 30 June 2023. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

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

Compliance with the Model Code by Directors in Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings during the six months ended 30 June 2023.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

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

The Audit Committee has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group and discussed with them the unaudited condensed consolidated financial statements and interim results announcement of the Group for the six months ended 30 June 2023, recommending their adoption by the Board.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2023 will be despatched to the Shareholders and available on the Company’s website (<http://cmon.com>) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

By Order of the Board

CMON Limited

Ng Chern Ann

*Chairman, Joint Chief Executive Officer and
Executive Director*

Singapore, 30 August 2023

As at the date of this announcement, the executive Directors are Mr. Ng Chern Ann, Mr. David Doust, Mr. David Preti and Mr. Koh Zheng Kai; the non-executive Director is Mr. Frederick Chua Oon Kian; and the independent non-executive Directors are Mr. Wong Yu Shan Eugene, Mr. Choy Man and Mr. Leung Yuk Hung Paul.