



# CMON Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8278

## FIRST QUARTERLY REPORT

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# 2019

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange (the “Main Board”) and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Director(s)”) of CMON Limited (the “Company”, together with its subsidiaries, the “Group” or “we”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

*This report, in both English and Chinese versions, is available on the Company’s website at <http://cmon.com> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Ng Chern Ann  
*(Chairman and Chief Executive Officer)*  
 Mr. David Doust  
 Mr. Koh Zheng Kai

#### Non-executive Director

Mr. Frederick Chua Oon Kian

#### Independent Non-executive Directors

Mr. Chong Pheng  
 Mr. Tan Lip-Keat  
 Mr. Seow Chow Loong Iain

#### Audit Committee

Mr. Tan Lip-Keat *(Chairman)*  
 Mr. Chong Pheng  
 Mr. Seow Chow Loong Iain

#### Remuneration Committee

Mr. Chong Pheng *(Chairman)*  
 Mr. Tan Lip-Keat  
 Mr. Seow Chow Loong Iain

#### Nomination Committee

Mr. Seow Chow Loong Iain *(Chairman)*  
 Mr. Chong Pheng  
 Mr. Tan Lip-Keat

### AUTHORISED REPRESENTATIVES

Ms. Ng Sau Mei  
 Mr. Koh Zheng Kai

### JOINT COMPANY SECRETARIES

Ms. Ng Sau Mei  
 Mr. Koh Zheng Kai

### COMPLIANCE OFFICER

Mr. Ng Chern Ann

### LEGAL ADVISER

Stephenson Harwood  
 18th Floor, United Centre  
 95 Queensway  
 Hong Kong  
 (Solicitors of Hong Kong)

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
 22/F, Prince's Building  
 Central, Hong Kong

**REGISTERED OFFICE**

Offices of Conyers Trust Company  
(Cayman) Limited  
Cricket Square  
Hutchins Drive  
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Cayman Islands

**HEADQUARTERS AND PRINCIPAL  
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**REGISTERED PLACE OF BUSINESS  
IN HONG KONG**

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

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

Tricor Investor Services Limited  
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183 Queen's Road East  
Hong Kong

**PRINCIPAL BANKER**

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(DBS Bank)  
Marina Bay Financial Centre Branch  
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Singapore 018982

**COMPANY'S WEBSITE**

<http://cmon.com>

**STOCK CODE**

8278

**DATE OF LISTING**

2 December 2016

The board of Directors (the “**Board**”) presents the unaudited consolidated results of the Group for the three months ended 31 March 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019

		Three months ended 31 March	
		2019	2018
		(unaudited)	(unaudited)
	Notes	US\$	US\$
Revenue	2	<b>6,808,476</b>	2,671,285
Cost of sales	3	<b>(4,158,091)</b>	(1,909,805)
Gross profit		<b>2,650,385</b>	761,480
Other income		<b>105,978</b>	216,646
Exchange losses		<b>(18,411)</b>	(9,866)
Selling and distribution expenses	3	<b>(923,247)</b>	(806,786)
General and administrative expenses			
— Professional service fees in respect of the application for the proposed transfer listing of shares of the Company from GEM to Main Board (the “ <b>Proposed Transfer of Listing</b> ”)	3	<b>(72,300)</b>	—
— Others	3	<b>(1,550,908)</b>	(1,391,632)
Operating profit/(loss)		<b>191,497</b>	(1,230,158)
Finance costs		<b>(109,684)</b>	(20,640)
Profit/(loss) before income tax		<b>81,813</b>	(1,250,798)
Income tax (expense)/credit	4	<b>(12,599)</b>	250,266
Profit/(loss) for the period attributable to equity holders of the company		<b>69,214</b>	(1,000,532)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange difference on translation on foreign operations		<b>(168)</b>	(533)
Other comprehensive loss, net of tax		<b>(168)</b>	(533)
Profit/(loss) and total comprehensive income/(loss) for the period attributable to equity holders of the company		<b>69,046</b>	(1,001,065)
Earnings/(loss) per share attributable to equity holders of the company during the period			
Basic and diluted	5	<b>0.00004</b>	(0.0006)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Share capital (Unaudited) US\$	Share premium (Unaudited) US\$	Retained earnings (Unaudited) US\$	Capital reserves (Unaudited) US\$	Share-based reserves (Unaudited) US\$	Exchange reserves (Unaudited) US\$	Total (Unaudited) US\$
At 1 January 2019	11,700	12,384,133	9,176,923	780,499	163,363	(22,319)	22,494,299
<b>Comprehensive income</b>							
Profit for the period	—	—	69,214	—	—	—	69,214
Other comprehensive loss	—	—	—	—	—	(168)	(168)
Employee share option granted	—	—	—	—	104,274	—	104,274
<b>Total comprehensive income</b>	—	—	69,214	—	104,274	(168)	173,320
As at 31 March 2019	11,700	12,384,133	9,246,137	780,499	267,637	(22,487)	22,667,619
At 1 January 2018	11,700	12,384,133	7,025,430	780,499	—	(994)	20,200,768
<b>Comprehensive income</b>							
Loss for the period	—	—	(1,000,532)	—	—	—	(1,000,532)
Other comprehensive loss	—	—	—	—	—	(533)	(533)
<b>Total comprehensive income</b>	—	—	(1,000,532)	—	—	(533)	(1,001,065)
As at 31 March 2018	11,700	12,384,133	6,024,898	780,499	—	(1,527)	19,199,703

# NOTES TO THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

## 1 BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) under the historical cost convention.

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

The principal accounting policies used in the unaudited consolidated financial statements for the three months ended 31 March 2019 are the same as those followed in the preparation of the Group’s annual report for the year ended 31 December 2018, except for the following new and amendments to IFRSs issued by the IFRSs that are adopted for the first time for the current accounting period of the Group:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to 2015–2017 Cycle

### ***Adoption of IFRS 16***

The Group has changed its accounting policies following the adoption of IFRS 16 on 1 January 2019.

The Group leases office under non-cancellable operating leases expiring within 5 years. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

A leases is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.



Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**(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 2018 which have not come into effect for the financial year beginning 1 January 2019, and have not been early adopted by the Group in preparing the unaudited consolidated financial statements. None of these is expected to have a significant effect on the unaudited consolidated financial statements of the Group based on the preliminary assessment made by management.

## 2 REVENUE

<b><i>Revenue</i></b>	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
Sales of product	<b>5,029,596</b>	2,454,316
Shipping income	<b>1,778,880</b>	216,969
	<b>6,808,476</b>	2,671,285

## 3 EXPENSES BY NATURE

Included in cost of sales, selling and distribution expenses and general and administrative expenses are the following:

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
Cost of inventories	<b>2,992,132</b>	1,010,773
Shipping and handling charges	<b>534,904</b>	320,030
Employee benefit expenses	<b>855,708</b>	683,715
Professional service fees in respect of the Proposed Transfer of Listing	<b>72,300</b>	—
Other professional fees	<b>118,688</b>	180,948
Merchant account fees	<b>108,862</b>	139,758
Royalty expenses	<b>158,250</b>	12,758
Marketing expenses	<b>142,354</b>	125,979
Depreciation	<b>591,913</b>	420,720
Amortisation	<b>490,052</b>	398,656
Games development expenses	<b>156,458</b>	249,971
Website maintenance fees	<b>80,139</b>	123,035
Operating lease rentals	—	146,691
Travelling expenses	<b>164,965</b>	205,937
Other expenses	<b>237,821</b>	89,252
	<b>6,704,546</b>	4,108,223

#### 4 INCOME TAX EXPENSE/(CREDIT)

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
Current income tax expense/(credit)	<b>12,599</b>	<b>(250,266)</b>

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 corporate tax at the rate of 21% and Singapore corporate income tax at the rate of 17%.

No provision for Hong Kong profits tax has been made in the unaudited consolidated financial information as the Company and the Group did not have assessable profit in Hong Kong during the three months ended 31 March 2019 and 2018.

#### 5 EARNINGS/(LOSS) PER SHARE

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

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit/(Loss) for the period attributable to equity holders of the Company (US\$)	<b>69,214</b>	<b>(1,000,532)</b>
Weighted average number of ordinary shares in issue	<b>1,806,000,000</b>	<b>1,806,000,000</b>
Basic earnings/(loss) per share (US\$)	<b>0.00004</b>	<b>(0.0006)</b>

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2019 and 2018.

#### 6 DIVIDEND

The Board did not declare the payment of any dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: Nil).

## 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 have also started developing and launching mobile games since 2015. In 2018, we launched our first computer game.

We publish both self-owned games and licensed games. We also distribute third party tabletop games. We sell our tabletop games mainly through Kickstarter and to wholesalers. We also sell directly to end users through our own online store and at game conventions.

### Long-Term Strategies and Outlook

It is the Group's strategy to achieve long-term growth through product diversification and channel diversification. Our strategy going forward is three pronged — refocusing our marketing efforts on our end users and the gamers, expanding into the largely untapped markets of Asia, particularly China, and strengthening our game design, licensing and intellectual property creation capabilities. This is in line with our objective to continuously expand our sales and marketing capabilities and to reach out to more gamers and at the same time, to publish more high-quality tabletop games and mobile games.

We strive to become a leading developer and publisher of quality games in the hobby game industry and we are optimistic about the growth and development of the tabletop game industry. During the three months ended 31 March 2019, we have launched one Kickstarter game namely *Munchkin Dungeon* with fund raising of US\$701,618. We will continue to launch games that attract and retain a significant number of players so that we can grow our revenue base and sustain our competitive position. Besides, we will continue to strengthen our efforts to expand our geographical coverage with an aim to increase market share and capture more exposure. In order to increase our presence in China, we have set up a wholly-owned subsidiary in China which has already commenced operation since October 2018.

On 6 July 2018, the Company submitted a formal application to the Stock Exchange for the Proposed Transfer of Listing (the "**Application**") pursuant to Chapter 9A and Appendix 28 to the Rules Governing the Listing of Securities on the Stock Exchange. The Directors believe that the Proposed Transfer of Listing will further enhance the profile, brand and product awareness of the Group, which in turn will facilitate the Group to realise its objectives as stated above. Besides, a Main Board listing status will help the Group to explore future possible partnership opportunities with more sizable and reputable targets, which is favourable to the long-term business growth of the Group. Apart from business related advantages, the Proposed Transfer of Listing may also help to strengthen the shareholders base and value of the Group through improvement in the trading liquidity of the shares of the Company (the "**Shares**"), strengthening of confidence of the existing shareholders of the Company (the

“**Shareholders**”) as well as enhancing recognition by potential investors, in particular institutional investors. Therefore, the Directors consider that the listing of the Shares on the Main Board will be beneficial to the future growth and business development of the Group and is in the interest of the Company and its Shareholders as a whole. As the process has taken more than six months since the submission in July 2018, the Application had automatically lapsed in January 2019. On 4 April 2019, the Company made a re-submission of the Application in accordance with the published rules and guidance of the Stock Exchange for the renewal of the Application. Further announcement(s) will be made by the Company to keep the Shareholders informed of the progress of the Proposed Transfer of Listing as and when appropriate.

## Financial Review

### Revenue

Our revenue increased by approximately 151.9% from approximately US\$2.7 million for the three months ended 31 March 2018 to approximately US\$6.8 million for the three months ended 31 March 2019, primarily due to the increase in revenue from wholesalers and Kickstarter. The revenue from wholesalers increased from approximately US\$2.5 million for the three months ended 31 March 2018 to approximately US\$5.2 million for the three months ended 31 March 2019, primarily due to sales from wholesalers in the United States of America. During the three months ended 31 March 2019, we recognised Kickstarter revenue of approximately US\$1.6 million mainly due to the shipment of *Cthulhu: Death May Die*, *HATE*, *Starcadia Quest* and *Zombicide: Invader*.

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

	Three months ended 31 March			
	2019		2018	
	(Unaudited) US\$	%	(Unaudited) US\$	%
<b>Direct</b>				
Kickstarter	1,594,008	23.4	—	—
Online store and game conventions	19,022	0.3	211,187	7.9
Mobile games	284	—	1,964	0.1
<b>Wholesalers</b>	5,195,162	76.3	2,458,134	92.0
Total	6,808,476	100.0	2,671,285	100.0

### *Cost of Sales*

Our cost of sales increased by approximately 121.1% from approximately US\$1.9 million for the three months ended 31 March 2018 to approximately US\$4.2 million for the three months ended 31 March 2019 primarily due to the increase in cost of inventories by approximately 200.0% from approximately US\$1.0 million for the three months ended 31 March 2018 to approximately US\$3.0 million for the three months ended 31 March 2019, which were in line with the increase in our revenue from sales of products. Total depreciation and amortisation also increased from US\$579,002 for the three months ended 31 March 2018 to US\$631,055 for the three months ended 31 March 2019, which was generally in line with the increase in the scale of our operation and game portfolio.

### *Gross Profit and Gross Profit Margin*

For the three months ended 31 March 2019, our gross profit increased from US\$761,480 for the three months ended 31 March 2018 to approximately US\$2.7 million primarily due to the increase in revenue. Our gross profit margin increased from approximately 28.5% for the three months ended 31 March 2018 to approximately 38.9% for the three months ended 31 March 2019 primarily due to more contribution from Kickstarter sales which in general enjoy higher margin than sales via other channels.

### *Other Income*

Other income amounted to US\$216,646 and US\$105,978 for the three months ended 31 March 2018 and 2019, respectively. For the three months ended 31 March 2018, there was a recharge for the realization for mobile app development costs to a business partner for the completion of *Zombicide: Tactics & Shotguns* (previously called "*Zombicide (mobile)*") and there was no such item for the three months ended 31 March 2019, hence resulting in the decrease.

### *Exchange Losses*

We recorded exchange losses of US\$18,411 for the period ended 31 March 2019 mainly resulting from the salaries of staff of our Canadian office which are denominated in Canadian dollars.

### *Selling and Distribution Expenses*

The Group recorded selling and distribution expenses of US\$806,786 and US\$923,247 for the three months ended 31 March 2018 and 2019, respectively. The increase was mainly due to the increase of royalty expense from US\$12,758 for the three months ended 31 March 2018 to US\$158,250 for the three months ended 31 March 2019 for the recognition of sales for *A Song of Ice & Fire: Tabletop Miniatures Games*.

### *General and Administrative Expenses*

The Group recorded general and administrative expenses of US\$1.4 million and US\$1.6 million for the three months ended 31 March 2018 and 2019, respectively. The increase was mainly due to (i) professional fees incurred for Proposed Transfer of Listing of US\$72,300 for the three months ended 31 March 2019; and (ii) share-based expense of US\$104,274 for the three months ended 31 March 2019, and there were no such items for the three months ended 31 March 2018.

### *Finance costs*

Finance costs increased from US\$20,640 for the three months ended 31 March 2018 to US\$109,684 for the three months ended 31 March 2019. This was primarily due to the finance costs from new bank borrowings and trade financing for general corporate funding requirements.

### *Income Tax Expense/(Credit)*

The Group recorded income tax expense of US\$12,599 for the three months ended 31 March 2019 and income tax credit of US\$250,266 for the three months ended 31 March 2018. Income tax credit was recorded for the three months ended 31 March 2018 as the Group had a loss before income tax during the period.

### *Profit/(Loss) and Total Comprehensive Income/(Loss) for the Period Attributable to Equity Holders of the Company*

We recorded profit and total comprehensive income for the period attributable to equity holders of the Company of US\$69,046 for the three months ended 31 March 2019 as compared to loss of approximately US\$1.0 million for the three months ended 31 March 2018, mainly due to relatively higher revenue and gross profit margin for the three months ended 31 March 2019 as mentioned above.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Corporate Governance

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 15 to the GEM Listing Rules as its own code of corporate governance. Save as disclosed in this quarterly report, the Company has complied with all applicable code provisions of the CG Code during the three months ended 31 March 2019. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Ng Chern Ann is currently the chairman and chief executive officer of the Company (the “**Chief Executive Officer**”). 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 operations of the Group led by Mr. Ng. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company. 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 the Chief Executive Officer is necessary.

### Compliance with the Required Standard of Dealings in Securities Transactions by Directors

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM 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 three months ended 31 March 2019.



## **Audit Committee and Review of Accounts**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee comprises three members, namely Mr. Tan Lip-Keat (chairman), Mr. Chong Pheng and Mr. Seow Chow Loong Iain, all of whom are independent non-executive Directors. The Audit Committee 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 unaudited consolidated results of the Group for the three months ended 31 March 2019 and this quarterly report. The Audit Committee is of the opinion that the unaudited consolidated results of the Group for the three months ended 31 March 2019 comply with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure has been made.

## **Purchase, Sale or Redemption of the Listed Securities of the Company**

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

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken 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 Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Capacity/Nature of Interest	Number of Underlying Shares (unlisted and physically settled equity derivatives) Interested <sup>(4)</sup>	Total Number of Shares and Underlying Shares Interested	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Ng Chern Ann <sup>(1)</sup> ("Mr. Ng")	Interest in controlled corporation/ interest of a party to an agreement/beneficial owner	31,000,000	901,248,078	Long	49.90
David Doust <sup>(2)</sup> ("Mr. Doust")	Interest in controlled corporation/ interest of a party to an agreement/beneficial owner	31,000,000	901,248,078	Long	49.90
Frederick Chua Oon Kian <sup>(3)</sup> ("Mr. Chua")	Interest in controlled corporation/ beneficial owner	5,580,000	328,249,232	Long	18.18
Koh Zheng Kai	Beneficial owner	5,800,000	5,800,000	Long	0.32
Chong Pheng	Beneficial owner	5,580,000	5,580,000	Long	0.31
Seow Chow Loong Iain	Beneficial owner	5,580,000	5,580,000	Long	0.31
Tan Lip-Keat	Beneficial owner	5,580,000	5,580,000	Long	0.31

## Notes:

- (1) The issued share capital of Cangsome Limited ("**CA SPV**") is wholly owned by Mr. Ng. CA SPV is beneficially interested in 609,173,654 Shares whereas Mr. Ng is beneficially interested in 15,500,000 share options of the Company ("**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 Mr. Ng by virtue of the SFO.
- (3) Magic Carpet Pre-IPO Fund ("**Magic Carpet**") is a private equity investment fund managed by Quantum Asset Management Pte. Ltd. ("**Quantum Asset**") on a discretionary basis. Quantum Asset holds the only issued ordinary share of Magic Carpet and the preference shares in the capital of Magic Carpet are held by investors. Mr. Chua, our non-executive Director, beneficially owns approximately 99.99% of the issued share capital of Quantum Asset and is therefore deemed to be interested in the Shares held by Quantum Asset by virtue of the SFO. Mr. Chua is a director of Magic Carpet.
- (4) The interests in the underlying Shares represent interests in Share Options granted to the respective Directors to subscribe for Shares.

Save as disclosed above, as at 31 March 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2019, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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 <sup>(1)</sup>	Beneficial owner/interest of a party to an agreement	901,248,078	Long	49.90
DD SPV <sup>(1)</sup>	Beneficial owner/interest of a party to an agreement	901,248,078	Long	49.90
Quantum Asset <sup>(2)</sup>	Interest in controlled corporation	322,669,232	Long	17.87
Magic Carpet <sup>(2)</sup>	Beneficial owner	322,669,232	Long	17.87
David Preti <sup>(3)</sup> ("Mr. Preti")	Interest in controlled corporation/beneficial owner	131,533,076	Long	7.28
Magumaki Limited <sup>(3)</sup> ("DP SPV")	Beneficial owner	116,033,076	Long	6.42

Notes:

- (1) The issued share capital of CA SPV is wholly owned by Mr. Ng, and the issued share capital of DD SPV is wholly owned by Mr. Doust. Pursuant to the acting-in-concert arrangement, Mr. Ng and Mr. Doust are deemed to be interested in the Shares and underlying Shares held by CA SPV, DD SPV and each other by virtue of the SFO. Mr. Ng is an executive Director and the sole director of CA SPV. Mr. Doust is an executive Director and the sole director of DD SPV. As at 31 March 2019, CA SPV was beneficially interested in 609,173,654 Shares; DD SPV was beneficially interested in 261,074,424 Shares; and each of Mr. Ng and Mr. Doust was 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, 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.
- (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. As at 31 March 2019, Mr. Preti was beneficially interested in 15,500,000 Share Options.

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## **Share Option Scheme**

In order to incentivise and/or to recognise and acknowledge the contributions that eligible persons have made or may make to our Group, the Company adopted the share option scheme pursuant to written resolutions of the Shareholders passed on 17 November 2016 (the **"Share Option Scheme"**).

- i. The participants can be any employee (whether full time or part-time employee) of the Group including any executive Directors, non-executive Directors and independent non-executive Directors, advisors and consultants of the Group.
- ii. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 180,600,000 Shares, representing 10.00% of the total number of Shares in issue as at 31 March 2019.

- 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 GEM 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 7 years and 6 months.

On 13 August 2018, a total of 74,620,000 Share Options had been granted to certain Directors and employees of the Company with exercise price of HK\$0.232 per Share. The closing price of the Shares immediately before the date of grant was HK\$0.229. None of the Share Options had been exercised, cancelled or lapsed as at 31 March 2019. For details of the Share Options granted under the Share Option Scheme, please refer to the Company's announcement dated 13 August 2018.

## Directors' Rights to Acquire Shares or Debt Securities

Save as otherwise disclosed in this quarterly report, at no time during the three months ended 31 March 2019 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## Directors' and Controlling Shareholders' Interests in Competing Business

For the three months ended 31 March 2019, none of the Directors, controlling Shareholders or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

On behalf of the Board

**CMON Limited**

**Ng Chern Ann**

*Chairman, Chief Executive Officer and  
Executive Director*

Singapore, 10 May 2019

*As at the date of this quarterly report, the executive Directors are Mr. Ng Chern Ann, Mr. David Doust and Mr. Koh Zheng Kai; the non-executive Director is Mr. Frederick Chua Oon Kian; and the independent non-executive Directors are Mr. Chong Pheng, Mr. Tan Lip-Keat and Mr. Seow Chow Loong Iain.*