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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

INSIDE INFORMATION RESULTS OF INDEPENDENT INVESTIGATION REPORT

This announcement is made by CMON Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to (i) the announcements of the Company dated 15 June 2020 and 30 June 2020 in relation to, among others, the Company’s intention to form an Investigation Committee and commission an independent Investigation; (ii) the announcement of the Company dated 7 July 2020 in relation to the formation of the Investigation Committee and the appointment of Mazars as independent investigator; and (iii) the announcement of the Company dated 30 September 2020 in relation to, among others, the details of draft Investigation Report submitted by Mazars to the Investigation Committee.

Capitalised terms used herein shall have the same meanings as those defined in announcement of the Company dated 30 September 2020.

RESULTS OF THE INVESTIGATION REPORT

As stated in the announcement of the Company dated 30 September 2020, the Investigation Committee received a draft of the Investigation Report on 30 September 2020 from Mazars (the “**Draft Investigation Report**”) containing, among others, the relevant findings of the Investigation and internal control recommendations. The Investigation Committee reviewed the Draft Investigation Report and agreed with its findings and internal control recommendations in a meeting of the Investigation Committee attended by Mazars on 30 September 2020.

The Company has since implemented the internal control recommendations in accordance with the Draft Investigation Report in consultation with Mazars. Details of the implementation of the key internal control recommendations as of the date of this announcement is described in the table below:

Internal Control Recommendation	Implementation Action
<p>1. <u>Material contracts</u>: For material contracts that result in commitments that are in excess of US\$1 million: (i) the Group's management should submit a proposal or board paper to the Board for their consideration before the start of negotiations; (ii) the Board should set the parameters of the negotiations that the Group's management are required to adhere to; (iii) the Board should be kept abreast of the status and progress of negotiations in a timely and regular manner; and (iv) the agreement may only be executed after the Board has considered and approved it.</p>	<p>In consultation with Mazars, the policies and procedures manual of the Group (the "P&P Manual") has been revised to reflect this recommendation. The Investigation Committee resolved to propose the revised P&P Manual for adoption by the Board, which the Board has duly resolved to adopt.</p> <p>In addition, the P&P Manual requires that contracts giving rise to commitments less than US\$1 million be approved by the chief executive officer of the Company. Since 23 January 2020, Mr. Ng Chern Ann and Mr. David Doust, both of whom are executive Directors, have served as joint chief executive officers of the Company. Accordingly, all contracts giving rise to commitments less than US\$1 million are also required to be approved by both Mr. Ng Chern Ann and Mr. David Doust in their capacities as joint chief executive officers.</p> <p>The revised P&P Manual has been circulated to all of the Group's senior management personnel.</p>
<p>2. <u>Appointment of legal counsel</u>: The Group should consider enhancing its internal controls to require management to consider appointing legal counsel to assist the Group in preparing legal documentation. In particular, if the proposed contract is governed by a jurisdiction outside of Singapore, a legal counsel who is experienced and licensed to practice in that jurisdiction should be appointed to advise the Group and to protect the Group's interests. Nonetheless, the Group should consider appointing legal counsel if the proposed transaction is complex and/or involves more than two parties. This enhancement to the Group's internal controls should require management of the Group to explicitly document and report to the Board the reason(s) if the decision is made to not appoint legal counsel.</p>	<p>In consultation with Mazars, the P&P Manual has been revised to reflect this recommendation. The Investigation Committee resolved to propose the revised P&P Manual for adoption by the Board, which the Board has duly resolved to adopt.</p> <p>The revised P&P Manual has been circulated to all of the Group's senior management personnel.</p>

Internal Control Recommendation

3. Safe-keeping of contracts: The Group's existing procedures require original contracts be safe-kept by the Group's general counsel. In light of the fact that the Group does not have a full-time general counsel, it is recommended that original contracts be safe-kept by the chief financial officer of the Company at the Group's offices.

4. Maintaining accounting schedules and sub-ledgers: Stronger internal accounting procedures and documentation are recommended. This includes increasing the level of detail maintained in the accounting schedules and sub-ledgers by the Group.

5. Complex accounting matters: The chief financial officer of the Company should inform the audit committee of the Board and consult with the Company's auditors in a timely manner should he encounter a technically complex or challenging accounting matter which may have a material financial impact on the Group. Where necessary, the audit committee of the Board may advise the chief financial officer of the Company to obtain an independent accounting opinion to assist with the resolution of such accounting matters.

Implementation Action

In consultation with Mazars, the P&P Manual has been revised to reflect this recommendation. The Investigation Committee resolved to propose the revised P&P Manual for adoption by the Board, which the Board has duly resolved to adopt.

The revised P&P Manual has been circulated to all of the Group's senior management personnel.

Copies of all executed contracts of the Group have been and, in the future, will continue to be forwarded to the chief operating officer and the finance department of the Group. Physical originals of all executed contracts of the Group have been and, in the future, will continue to be delivered to Mr. Koh Zheng Kai, an executive Director and chief financial officer of the Group, for his safe-keeping at the finance department's office.

In consultation with Mazars, the P&P Manual has been revised to reflect this recommendation. The Investigation Committee resolved to propose the revised P&P Manual for adoption by the Board, which the Board has duly resolved to adopt.

The revised P&P Manual has been circulated to all of the senior management personnel and members of the finance department of the Group.

In consultation with Mazars, the P&P Manual has been revised to reflect this recommendation. The Investigation Committee resolved to propose the revised P&P Manual for adoption by the Board, which the Board has duly resolved to adopt.

The revised P&P Manual has been circulated to all of the senior management personnel and members of the finance department of the Group.

Having monitored the implementation of its internal control recommendations by the Group, Mazars issued to the Investigation Committee the final Investigation Report on 14 October 2020, which (other than the addition of the conclusion that the Group has implemented its internal control recommendations) is the same in all material respects as the Draft Investigation Report.

The Company will make further announcement(s) to update Shareholders and potential investors in relation to the foregoing or otherwise in respect of its fulfillment of the conditions for the resumption of trading of shares in the Company as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2020 and will continue to be suspended until the Company fulfills the Resumption Guidance. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board

CMON Limited

Ng Chern Ann

Chairman, Joint Chief Executive Officer and Executive Director

Singapore, 23 October 2020

As at the date of this announcement, 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. Wong Yu Shan Eugene and Mr. Choy Man.