

**CIRCULAR DATED 12 APRIL 2019**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**This Circular is issued by BM Mobility Ltd. (the “Company”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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**BM MOBILITY LTD.**

(Incorporated in the Republic of Singapore)  
Company Registration No. 200800853Z

## **CIRCULAR TO SHAREHOLDERS**

in relation to

**THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL  
OF ZHIHE (FUJIAN) TECHNOLOGY CO., LTD. AND ZIWO (FUJIAN) IMPORT &  
EXPORT TRADING CO., LTD.**

### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	27 April 2019 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	29 April 2019 at 2.00 p.m.
Place of Extraordinary General Meeting	:	10 Anson Road #36-05A International Plaza Singapore 079903

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## DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or states:

<b>“1H2018”</b>	: The half year ended 30 June 2018.
<b>“1Q2017”</b>	: The first quarter ended 31 March 2017.
<b>“2 January 2018 EGM”</b>	: The extraordinary general meeting of the Company held on 2 January 2018.
<b>“2Q2017”</b>	: The second quarter and half year ended 30 June 2017.
<b>“3Q2017”</b>	: The third quarter and nine months ended 30 September 2017.
<b>“3Q2018”</b>	: The third quarter and nine months ended 30 September 2018.
<b>“8 December 2017 Press Release”</b>	: The press release issued by the Company on 8 December 2017.
<b>“Agreement”</b>	: The equity transfer agreement dated 29 August 2018 entered into between the Company and the Purchaser in relation to the Proposed Disposal.
<b>“Announcement”</b>	: The announcement issued by the Company on 1 September 2018 relating to the Proposed Disposal.
<b>“Annual Report 2017”</b>	: The annual report of the Company for FY2017.
<b>“Audit Committee”</b>	: The audit committee of the Company.
<b>“BCME”</b>	: Beijing Chonglee Machinery Engineering Co., Ltd. (北京中丽制机工程技术有限公司).
<b>“BCME Deposit”</b>	: The deposit of RMB 28.0 million paid to Beijing Chonglee Machinery Engineering Co., Ltd. in 2015.
<b>“Board”</b>	: The board of directors of the Company for the time being.
<b>“CDP”</b>	: The Central Depository (Pte) Limited.
<b>“CEO”</b>	: Chief Executive Officer.
<b>“Circular”</b>	: The circular to Shareholders dated 12 April 2019.
<b>“Companies Act”</b>	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
<b>“Company”</b>	: BM Mobility Ltd.
<b>“Completion”</b>	: Completion of the Proposed Disposal.
<b>“Consideration”</b>	: The aggregate amount of RMB 3 million, being the aggregate consideration for the Proposed Disposal, to be satisfied fully in cash, and payable by the Purchaser to the Company.
<b>“Directors”</b>	: The directors of the Company for the time being.

<b>“Disposal Companies”</b>	: Collectively, Zhihe Technology and its subsidiary Quanzhou Yixiang, and Ziwo ImpEx.
<b>“EGM”</b>	: The extraordinary general meeting of the Company, notice of which is given on page 79 of this Circular.
<b>“EPS”</b>	: Earnings per Share.
<b>“First Tranche Consideration”</b>	: The sum of approximately RMB 2.3 million, representing 75% of the Consideration, to be paid from the Purchaser to the Company within 14 days following the conclusion of the EGM in respect of the Proposed Disposal.
<b>“FY2015”</b>	: The financial year ended 31 December 2015.
<b>“FY2016”</b>	: The financial year ended 31 December 2016.
<b>“FY2017”</b>	: The financial year ended 31 December 2017.
<b>“FY2018”</b>	: The financial period of 15 months from 1 January 2018 to 31 March 2019.
<b>“Green Energy Business”</b>	: Green energy and environmentally friendly transportation solutions, specifically on activities that promote personal mobility and reduced carbon emissions.
<b>“Group”</b>	: The Company and its subsidiaries.
<b>“Independent Valuer”</b>	: Messrs Mazars LLP, the independent valuer appointed by the Company to value the Sale Shares for the purposes of the Proposed Disposal.
<b>“Land Use Rights”</b>	: The land use rights of certain plots of land located at Western Section of Qingmeng Zone Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC.
<b>“Latest Practicable Date”</b>	: The latest practicable date prior to the printing of this Circular, being 1 April 2019.
<b>“Listing Manual”</b>	: The listing manual of the SGX-ST, as amended or modified from time to time.
<b>“m<sup>2</sup>”</b>	: Square metres.
<b>“Management”</b>	: The management of the Group from time to time.
<b>“NTA”</b>	: Net tangible assets.
<b>“Ordinary Resolution”</b>	: The Ordinary Resolution as set out in the notice of EGM on page 79 of this Circular.
<b>“PRC” or “China”</b>	: The People’s Republic of China.
<b>“Proposed Disposal”</b>	: The proposed disposal of the entire issued and paid-up capital in each of Zhihe Technology and Ziwo ImpEx.
<b>“Proxy Form”</b>	: The proxy form in respect of the EGM as set out in this Circular.

<b>“Purchaser”</b>	: The purchaser of the Sale Shares pursuant to the Agreement, being Hong Kong Bangwei Investment Limited (香港邦威投资有限公司), a company incorporated in Hong Kong Special Administrative Region.
<b>“Quanzhou Yixiang”</b>	Quanzhou Yixiang Textile Co., Ltd., a wholly-owned subsidiary of Zhihe Technology.
<b>“Raw Materials Business”</b>	: The production of raw materials and supply of import substitution products used as raw materials in the production of lifestyle consumer products, furniture upholstery and automobile interior lining.
<b>“RMB” and “RMB cents”</b>	: Chinese Renminbi and Renminbi cents, respectively.
<b>“RT LLP”</b>	: Messrs RT LLP, the previous auditors of the Company who held office until the conclusion of the extraordinary general meeting of the Company held on 22 March 2019.
<b>“Sale Shares”</b>	: The entire issued and paid-up share capital of Zhihe Technology and Ziwo ImpEx, which are to be sold by the Company to the Purchaser pursuant to the Proposed Disposal.
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited.
<b>“Shareholders”</b>	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares.
<b>“Shares”</b>	: Ordinary shares of the Company.
<b>“S\$”, “SGD” and “cents”</b>	: Singapore dollars and cents, respectively.
<b>“Valuation Date”</b>	: 30 September 2018.
<b>“Valuation Report”</b>	: The business valuation report dated 31 December 2018 issued by the Independent Valuer in relation to the valuation of the Disposal Companies, as set out in Appendix A to this Circular.
<b>“Warrants”</b>	: The 874,367,464 outstanding warrants (constituted under the deed poll dated 15 January 2018) which are outstanding and exercisable any time during the period commencing from 14 February 2018 to 13 February 2021 at an exercise price of S\$0.01 for each warrant.
<b>“Zhihe Technology”</b>	: Zhihe (Fujian) Technology Co., Ltd., a wholly-owned subsidiary of the Company.
<b>“Ziwo ImpEx”</b>	: Ziwo (Fujian) Import & Export Trading Co., Ltd., a wholly-owned subsidiary of the Company.
<b>“%” or “per cent.”</b>	: Per centum or percentage.

The terms **“Depositor”**, **“Depository”** and **“Depository Register”** shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289 of Singapore.

The term “**subsidiary**” shall have the meaning ascribed to it by Section 5 of the Companies Act. The terms “**associate**” and “**associated company**” shall have the meanings ascribed to them in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

## LETTER TO SHAREHOLDERS



### **BM MOBILITY LTD.**

(Incorporated in the Republic of Singapore)  
Company Registration No. 200800853Z

#### **Board:**

Koo Ah Seang (Executive Chairman)  
Tay Wee Kwang (Executive Director and Chief Executive Officer)  
Soh Beng Keng (Non-Executive Lead Independent Director)  
Loh Ji Kin (Non-Executive Independent Director)  
Geoffrey Ng Ching Fung (Non-Executive Independent Director)

#### **Registered Office:**

8 Robinson Road  
#03-00 ASO Building  
Singapore 048544

Date: 12 April 2019

To: The Shareholders of BM Mobility Ltd.

Dear Sir/Madam,

### **PROPOSED DISPOSAL BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP CAPITAL IN EACH OF ZHIHE TECHNOLOGY AND ZIWO IMPEX**

#### **1. Introduction**

##### **1.1. The Proposed Disposal**

On 1 September 2018, the Company announced that it had, on 29 August 2018, entered into the Agreement with Hong Kong Bangwei Investment Limited (香港邦威投资有限公司), to sell the entire issued and paid-up capital of two of its wholly-owned subsidiaries, Zhihe Technology and Ziwu ImpEx for an aggregate cash consideration of RMB 3 million.

The Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual, and is therefore subject to Shareholders’ approval in a general meeting.

A copy of the Announcement is available on the website of the SGX-ST at [http://infopub.sgx.com/FileOpen/BMM\\_proposed%20disposal.ashx?App=Announcement&FileID=523720](http://infopub.sgx.com/FileOpen/BMM_proposed%20disposal.ashx?App=Announcement&FileID=523720).

##### **1.2. Circular**

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal, including the rationale for the Proposed Disposal, and to seek Shareholders’ approval for the Proposed Disposal at the forthcoming EGM.

##### **1.3. EGM**

The Directors are convening an EGM to be held at 10 Anson Road, #36-05A International Plaza, Singapore 079903 on 29 April 2019 at 2.00 p.m. to seek Shareholders’ approval for the Proposed Disposal. The notice of EGM is set out on pages 79 and 80 of this Circular.

## 2. Information on the Proposed Disposal

### 2.1. Information on The Disposal Companies

The existing business of the Disposal Companies (listed below) comprises the production of raw materials and supply of import substitution products which are used as raw materials in the production of lifestyle consumer products, furniture upholstery and automobile interior lining.

As at the Latest Practicable Date, the details of the Disposal Companies are set out below:

Name of Subsidiary	Place of incorporation and operation	Principal activities	Percentage of equity held (%)
<u>Directly held by the Company:</u>			
至和（福建）科技有限公司 Zhihe (Fujian) Technology Co., Ltd. ("Zhihe Technology")	Quanzhou City, Fujian Province, the PRC	Research and development, manufacture and sale of styrene butadiene rubber and other foamed materials	100
至和（福建）进出口贸易有限公司 Ziwo (Fujian) Import & Export Trading Co., Ltd. ("Ziwo ImpEx")	Quanzhou City, Fujian Province, the PRC	Trading in foamed materials, textile, sports and sports accessories, garments and footwears	100
<u>Indirectly held by Zhihe (Fujian) Technology Co., Ltd.:</u>			
泉州益翔纺织有限公司 Quanzhou Yixiang Textile Co., Ltd. ("Quanzhou Yixiang")	Quanzhou City, Fujian Province, the PRC	Dormant	100

In FY2017, the production of Zhihe Technology and Ziwo ImpEx accounted for 100% of the Group's total products. Its products were distributed to customers in the Fujian, Shandong, and Zhejiang provinces as well as Shanghai and Tianjin municipalities in the PRC. The Company had ceased the production activities of Zhihe Technology and Ziwo ImpEx since the beginning of FY2018 (as verified by the Independent Valuer during their site visit on 12 October 2018 and reported in their Valuation Report) in light of the continued losses from the Raw Materials Business. Accordingly, Zhihe Technology and Ziwo ImpEx no longer have any record of capacity utilisation.

The Company had also, on 9 May 2018, announced that it would cease and discontinue the Raw Materials Business in light of the continued losses, and look for a buyer to purchase the Raw Materials Business. This would allow the Company to focus on the Green Energy Business.

### 2.2. Information on the Purchaser

The Purchaser is Hong Kong Bangwei Investment Limited (香港邦威投资有限公司), a company incorporated in Hong Kong Special Administrative Region on 24 July 2018. It is principally engaged in investment holding. The sole director and the sole legal and beneficial owner of the Purchaser is Mr Li Shuet Wing. Mr Li Shuet Wing has been employed by the Group as the sales and marketing manager of Zhihe Technology and Ziwo ImpEx in the PRC since January 2018.

The Purchaser and Mr Li Shuet Wing were introduced to the Company by Mr Wang Jian Hong in December 2017. Mr Wang Jian Hong is the manager of the production plants of Zhihe Technology and Ziwo ImpEx. No introducer fees were or will be paid to Mr Wang Jian Hong in respect of the introduction. Save for Mr Wang Jian Hong's employment as disclosed above, Mr Wang Jian Hong is not related to the Purchaser, Mr Li Shuet Wing, and the Company's Directors and substantial Shareholders.



Mr Li Shuet Wing is a Hong Kong citizen and resident. He was previously employed as the sales and marketing manager of Fujian Hongwei Shoes Plastics Co., Ltd. (福建宏玮鞋材有限公司) for 10 years, and his highest qualification attained is a high school diploma. To the best of the Directors' knowledge and belief, Mr Li Shuet Wing has no present directorships, nor shareholding interests in the Company, save for his directorship and shareholding in Hong Kong Bangwei Investment Limited.

To the best of the Directors' knowledge and belief, Mr Li Shuet Wing is not acting as a nominee or trustee of, or taking instructions from or holding the Disposal Companies in trust for any persons, substantial Shareholders, Directors or the CEO of the Company and their respective associates, and Mr Li Shuet Wing has also given such written confirmation.

To the best of the Directors' knowledge and belief, Mr Wang Jian Hong is also not acting as a nominee or trustee of, or taking instructions from any persons, substantial Shareholders, Directors or the CEO of the Company and their respective associates, in respect of the aforesaid introduction and the Proposed Disposal.

### **3. Principal Terms of the Proposed Disposal**

#### **3.1. Consideration**

Subject to the terms and conditions of the Agreement, the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for an aggregate consideration of RMB 3 million, to be satisfied fully in cash, and payable by the Purchaser to the Company in two (2) tranches, in the following manner:

- (a) within 14 days following the conclusion of the EGM, the Purchaser shall pay to the Company, an amount of approximately RMB 2.3 million, representing 75% of the Consideration (the "**First Tranche Consideration**"); and
- (b) within 14 days upon receipt of the notice of registration issued by the PRC State Administration for Industry & Commerce in respect of the transfer of Sale Shares, the Purchaser shall pay to the Company, an amount of approximately RMB 0.7 million representing the balance amount of 25% of the Consideration.

The Consideration was arrived on a willing-buyer willing-seller basis, after arms' length negotiations between the Company and the Purchaser, and after taking into account the financial performance and negative net asset value of each of Zhihe Technology and Ziwo ImpEx.

#### **3.2. Fees and expenses payable**

The taxes and fees arising from the transfer of shares in Zhihe Technology and Ziwo ImpEx shall be borne by the Company. Other fees and expenses arising from the registration of the change in ownership of Zhihe Technology and Ziwo ImpEx shall be borne by the Purchaser.

It is estimated that the stamp duty payable to the Inland Revenue Department of Hong Kong S.A.R. would be not more than RMB 3,000.00, calculated based on the rate of 0.1% of the value of the Consideration. The stamp duty will be paid by cash from the Company's working capital, within the timeline prescribed by the relevant laws of the Hong Kong S.A.R.

#### **3.3. Other Salient Terms**

Upon receipt of the First Tranche Consideration from the Purchaser, the Company shall deliver the business licences of Zhihe Technology and Ziwo ImpEx to the Purchaser, whereupon the Purchaser shall become solely liable for the claims and debts of Zhihe Technology and Ziwo ImpEx, and the Purchaser shall be entitled to the profits and losses of Zhihe Technology and Ziwo ImpEx in accordance with its shareholdings held in the aforesaid companies.

The Agreement may be amended or terminated by the agreement of both the Company and the Purchaser in writing, if:

- (a) the Agreement cannot be performed due to force majeure or due to any other external causes through no fault of either party;
- (b) one party loses its capacity to perform its obligations under the Agreement;
- (c) due to a breach of the Agreement by one or both parties, the non-defaulting party's economic interests are seriously affected; or
- (d) it is mutually agreed upon between the Company and Purchaser.

#### 4. Rationale for the Proposed Disposal and Use of Proceeds

##### 4.1. Rationale and Benefits for the Proposed Disposal

At the 2 January 2018 EGM, Shareholders voted in favour of the Company's proposed diversification of its core business to the Green Energy Business. The resolution was voted in favour by **100%** of the Shareholders present and voting at the 2 January 2018 EGM. The Disposal Companies are primarily engaged in the Raw Materials Business and therefore do not form part of the core assets of the Company. The Company's reasons for the proposed diversification were set out in its circular to Shareholders dated 11 December 2017.

The Raw Materials Business comprise the production of raw materials and supply of import substitution products which are used as raw materials in the production of lifestyle consumer products, furniture upholstery and automobile interior lining.

The core assets of the Company now consist primarily of electric charging stations (including assembly, installation, marketing and selling of the same), electric motorcycles (including assembly, marketing and distributing of the same), as well as intellectual property rights in relation to electric vehicle charging technology held by the Company's two operating subsidiaries, Beijing E-Star Electric Technology Co. Ltd. and BM Mobility Sdn. Bhd..

The Company had also informed Shareholders through the 8 December 2017 Press Release that it would be seeking Shareholders' approval at the 2 January 2018 EGM to change its business to focus exclusively on opportunities in green energy. In the 8 December 2017 Press Release, the Company also expressly indicated its intention to exit its loss-making Raw Materials Business in pursuit of its Green Energy Business. Hence, the Proposed Disposal is in line with the Group's future business plans, which Shareholders have voted in favour of at the 2 January 2018 EGM.

Furthermore, the Disposal Companies have been incurring continued losses for the last three consecutive financial years. Please refer to the figure in the tables setting out the revenue, gross profit margin and gross profit for the Raw Material Business and Green Energy Business for 3Q2017, 1H2018 and 3Q2018 respectively.

##### 3<sup>rd</sup> quarter and nine months ended 30 September 2017 ("3Q2017")

	Revenue (RMB'000)	Gross Profit Margin	Gross Profit (RMB'000)
<b>Raw Materials Business</b>	21,968	3.2%	709
<b>Green Energy Business <sup>(1)</sup></b>	–	–	–
<b>Total</b>	21,968	3.2%	709

## 1H2018

	Revenue (RMB'000)	Gross Profit Margin	Gross Profit (RMB'000)
Raw Materials Business <sup>(2)</sup>	–	–	–
Green Energy Business	2,735	49.2%	1,346
<b>Total</b>	<b>2,735</b>	<b>49.2%</b>	<b>1,346</b>

## 3<sup>rd</sup> quarter and nine months ended 30 September 2018 (“3Q2018”)

	Revenue (RMB'000)	Gross Profit Margin	Gross Profit (RMB'000)
Raw Materials Business <sup>(2)</sup>	–	–	–
Green Energy Business	3,600	53.2%	1,914
<b>Total</b>	<b>3,600</b>	<b>53.2%</b>	<b>1,914</b>

Notes:-

- (1) The diversification of the Company's core business to include the Green Energy Business was approved by Shareholders on 2 January 2018.
- (2) The Company had ceased and discontinued its Raw Materials Business as announced on SGXNet on 9 May 2018.

For 1H2018, the Disposal Companies did not generate any revenue and are not profitable, compared to a gross profit of RMB 1,346,000 generated by the Green Energy Business for the same period. Based on the 3<sup>rd</sup> quarter and nine months ended 30 September 2018 (“3Q2018”) interim financial statements of the Group, the Green Energy Business generated a revenue of RMB 3.6 million, with gross profit margin of 53.2%, amounting to RMB 1.9 million. Comparing against the same period for the nine months ended 30 September 2017 (“3Q2017”), although the revenue generated from the raw material business was RMB 22.0 million, the gross profit margin was merely 3.2%, amounting to only RMB 709,000.

Therefore, the Raw Materials Business is simply unable to generate sufficient gross profits and profitability. The Company is thereof of the opinion that with the disposal of the Raw Materials Business, the Company will have a chance to return to profitability.

As the fundamental outlook of the Disposal Companies and the Raw Materials Business is unlikely to show any prospect for turnaround, the Company is of the view that the Proposed Disposal will help the Company mitigate further losses.

By reason of the above-mentioned rationale, the Board believes that the Proposed Disposal is in the best interests of the Company and Shareholders. The Proposed Disposal will also allow the Company to fully focus on its Green Energy Business.

With effect from 5 June 2017, the Company was placed on the SGX-ST watch-list under the Minimum Trading Price Entry Criteria pursuant to Rule 1311(2) of the Listing Manual. The Company has a 36-month cure period to exit the Watch-list, with the end date being 4 June 2020.

In addition, with effect from 5 June 2018, pursuant to Rule 1311(1) of the Listing Manual, the Company was placed on the SGX-ST watch-list due to the financial entry criteria. The Company has 36 months from 5 June 2018 to meet the requirements under Rule 1314(1) of the Listing Manual for its removal from the watch-list. The Proposed Disposal will also allow for the Company to fully focus its efforts toward restoration of the Company's financial health and removing itself from the watch-lists.

Based on the 3Q2018 interim financial statements of the Group in its entirety, the revenue, gross profit, and net loss were RMB 3,600,000, RMB 1,914,000 and RMB (9,409,000) respectively. This is an improvement compared to the interim financial statements of the Group for the 3<sup>rd</sup> quarter and 3Q2017, where the revenue, gross profits and net loss were RMB 22.0 million, RMB 709,000 and RMB (58,827,000) respectively. The Company believes that, barring any unforeseen circumstances, it is on track in its plan for the removal from the Watch-lists by the respective cure period.

#### 4.2. Value of Assets to be Disposed

4.2.1 Based on the Group's audited consolidated financial statements for FY2017, the Disposal Companies recorded aggregate net losses of RMB 102.9 million and had a deficit in net assets of RMB 53.2 million. Based on the Group's unaudited consolidated financial statements for 1H2018, the book value of the Sale Shares is negative RMB 57 million (before adjusting for the statutory reserve of approximately RMB 43 million).

##### Land Use Rights

The Disposal Companies had acquired land use rights over certain plots of land located at Western Section, Qingmeng Zone, Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC (the "Land Use Rights"). The gross area of the land parcels is 64,102.6 m<sup>2</sup>.

Details of the Land Use Rights held by the Disposal Companies are as follows:

Location	Total site area (m <sup>2</sup> )	Total gross floor area (m <sup>2</sup> )	Use	Date of acquisition of the Land Use Rights	Expiry date of the Land Use Rights
Parcel of land (lot no. A-09 and A-10(B)), 10 buildings and various structures located at Western Section of Qingmeng Zone Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC	31,028.50	35,819.48 (comprising 10 buildings which are workshops, warehouses and a dormitory building, as well as a boundary fence wall)	Industrial	21 October 2004	20 October 2054
A parcel of land (lot no. C-09C-2) located at Western Section of Qingmeng Zone Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC	18,439.30	Nil, as the parcel of land was vacant.	Industrial	27 October 2010	26 October 2060
A parcel of land (lot no. A11(C)) and 3 buildings located at Western Section of Qingmeng Zone Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC	14,634.80	19,020.42 (comprising 2 workshops and 1 office building)	Industrial	1 July 2007	30 June 2057

At the time of acquisition of the aforesaid Land Use Rights, the Company paid RMB 6,709,000 (in respect of Lot no. A-09 and A-10(B)), RMB 15,881,000 (in respect of Lot no. C-09C-2), and RMB 4,000,000 (in respect of Lot no. A-11(C)) to the municipal government of Quanzhou City.

The properties and the Land Use Rights are no longer in use in view of the cessation of production activities of the Disposal Companies announced by the Company on 9 May 2018.

The Company conducted a test for recoverability of the carrying value of the Land Use Rights and buildings in FY2017, and where the calculations were reviewed by the Company's previous auditors, RT LLP when it conducted its audit for FY2017. The test of recoverability identified the impairment, and the fair value of the assets are measured relying primarily on the discounted cash flow methodology. The test of recoverability was an impairment test and not to determine the value of the land use rights for sale. As such, there was no need to use a market-based approach. The test of recoverability determined that there is unlikely any possibility of recovering any proceeds from the Land Use Rights or the buildings.

The then Board and Audit Committee had independently verified Management's representations, and were satisfied with the reliability and assumptions used in the calculations. In addition to and as an independent basis for the Management's representations leading to the writing-off the value of the Land Use Rights and relevant buildings in FY2017, the Company had, at the request of the Audit Committee, appointed a well-known real estate valuation firm in 2017 to obtain an independent valuation of the Land Use Rights for the Audit Committee's review and assessment of Management's calculations. The said independent valuation<sup>1</sup> concluded that the Land Use Rights are of no commercial value for the reasons set out in the Company's Annual Report 2017 and repeated below.

As disclosed in the Company's Annual Report 2017, the Land Use Rights had no commercial value due to the following reasons, among others, (i) the fact that the permitted use of the land parcels is only for industrial development and cannot be freely transferred, and also (ii) the loss of the Land Use Right for one of the land parcels (Lot No. C-09C-2, the size of which is approximately 28.77% of the total site area under the Company's Land Use Rights) which has been left vacant for more than two years.

Accordingly, the value of the Land Use Rights and buildings were written off in FY2017. Prior to the value of the Land Use Rights being written off, the net book value of the Land Use Rights was RMB 13,973,000 (as reported in the financial results for the first quarter ended 31 March 2017 ("1Q2017")). Further information on the Land Use Rights can be found in the Valuation Report and the sub-section below entitled "*Impairments and Write-offs*".

#### *Losses incurred by the Raw Material Business*

The Raw Materials Business has been suffering losses for the past two years. The Company had previously disclosed in its 2Q2017 results announcement dated 14 August 2017 that one of its then directors, Mr. Ting Chun Yuen, had advanced approximately RMB 11 million to fund Zhihe Technology's working capital, out of which RMB 3 million was utilised for selling and distribution expenses, while RMB 8 million was utilised for administrative expenses. However, Zhihe Technology continued to generate negative cash flow. As a result, the Company has ceased production and trading activities of the Disposal Companies since the beginning of FY2018, and no revenue has been recorded by the Disposal Companies since then.

As disclosed by the Company in its response to queries from the SGX-ST on 24 August 2017, the Audit Committee of the Company had approved the advance of up to RMB 11 million from Mr Ting, in order to meet urgent working capital requirements of the Disposal Companies. As there was no interest payable to Mr Ting for the advance and the said advance was recorded in the books of the Disposal Companies, the Audit Committee determined that there was no risk to the Company.

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<sup>1</sup> As the independent valuation was at that time commissioned by the Company for purposes of the Audit Committee's review and verification as aforesaid without the intention of publicising the valuation report (and there was then no requirement to do so), the valuation report was prepared on the basis that it was not meant for public consumption.

### Independent Valuation of the Sale Shares

The Company had also commissioned an independent valuer, Mazars LLP (the “**Independent Valuer**”) to value the Sale Shares for the purposes of the Proposed Disposal. To the best of the knowledge of the Directors, Mazars LLP has undertaken valuation work for large corporations and listed companies. The valuation team at Mazars LLP is headed by Mr. Lai Keng Wei. Mr Lai has more than 20 years’ experience in accounting, auditing, corporate finance, mergers and acquisitions, financial due diligence and valuation in Malaysia and Singapore, including three years of experience in conducting valuations and, with his team of four full-time valuation professionals, have completed over 100 valuation projects to date. He is also an International Certified Valuation Specialist (ICVS), a member of Institute of Singapore of Chartered Accountants, a fellow member of Association of Chartered Certified Accountants (FCCA), and a member of the International Association of Certified Valuation Specialists (IACVS).

Pursuant to a site visit conducted on 12 October 2018, and based on the summation method (where the market value of each asset and liability on the balance sheet has to be determined), the Independent Valuer had computed the market value of the Sale Shares as at 30 September 2018 (which is the valuation date adopted by the Independent Valuer) (the “**Valuation Date**”) to be zero. In undertaking the valuation of the Sale Shares, the Independent Valuer had considered, and took into account, among others, the following:

- (a) the total market value of the assets of the Disposal Companies of approximately RMB 10.7 million, against the total market value of the liabilities of the Disposal Companies of RMB 27.0 million;
- (b) the aggregate trade receivables of the Disposal Companies which amounted to RMB 68.61 million, out of which the majority have been overdue for more than 12 months and allowance for full impairment have been provided for, with the remaining overdue for more than 6 months;
- (c) advance payments including the deposit of RMB 28.0 million (being the BCME Deposit) made by Zhihe Technology to Beijing Chonglee Machinery Engineering Co., Ltd. (北京中丽制机工程技术有限公司) (“**BCME**”) in 2015 for the construction of a production line, which have been written off by Management due to the non-likelihood of recoverability. Please refer to the Company’s previous announcements on SGXNet dated 8 September 2016, 23 November 2016, 12 December 2017, 1 March 2018 and 7 March 2018 regarding the non-likelihood of recoverability of the deposit. Further information about such write-off is also set out below under *Impairment and Write-offs – Allowance for impairment of deposits in respect of the BCME Deposit*;

To the best of the Directors’ knowledge, BCME is a chemical fibre engineering company which is in the segment of manufacturing machinery and equipment which produces chemical fibre. BCME is wholly-owned by the China Textile Academy and is an independent third-party company;

- (d) the aggregate net book value of RMB 0.8 million in respect of the property, plant & equipment of the Disposal Companies as at the Valuation Date due to depreciation charges and non-operating condition of the machinery and equipment, as well as the properties, in the form of leasehold buildings, having been constructed without necessary permits and being located on non-transferable land;
- (e) the net book value of Land Use Rights which were written down to zero by the Board in the second quarter of FY2017 (please refer to the sub-section below entitled “*Impairments and Write-offs*” for more information); and
- (f) total amount of RMB 48.9 million due from the Disposal Companies to the Company, which has not been included for the purposes of calculating the NAV of the Sale Shares, in view of the non-likelihood of repayment.



The Independent Valuer did not make any adjustments to the net book value of the trade receivables of the Disposal Companies. Although the Independent Valuer had sighted seven letters of demand from Fujian Jinxian Law Firm (福建晋贤律师事务所) (the solicitors acting for the Disposal Companies) to the debtors in relation to the receivables, it is not clear whether the trade receivables remain collectible, and it would also not be practical to conduct a check on the financial ability of the debtors. Even if all the receivables were written off, the market value of the Disposal Companies would still be zero.

The Independent Valuer had also assessed and given weight to the legal opinion issued by Fujian Jinxian Law Firm. The latter had reviewed the relevant construction and related contracts (in connection with the construction by BCME of the production line for Zhihe Technology's manufacturing plant) and having examined the matter opined that the deposit of RMB 28.0 million paid to BCME in 2015 was deemed to be not recoverable as the Disposal Companies had not fulfilled their obligations with BCME under such contracts. There is no necessity to verify the identity or existence of BCME in view of the legal opinion from Fujian Jinxian Law Firm.

In addition, the Independent Valuer had also sighted various letters from the local municipal government of Quanzhou City on the non-transferability of the Land Use Rights, as well as a final notice issued from the Land and Resources Bureau of Fujian Province, Quanzhou City to the Disposal Companies notifying that the Disposal Companies no longer had the rights to use the parcel of land identified as lot no. C-09C-2 since the land parcel was unused for over 2 years. Pursuant to the State-Owned Land Use Right Grant Contract entered into between Zhihe Technology and the Quanzhou City government, the land parcel may be taken back freely by the Quanzhou City government. The Company had previously announced that it had received the aforesaid final notice in December 2017, during the announcement of its fourth-quarter and full-year results for FY2017 dated 1 March 2018.

Please refer to the Valuation Report set out in Appendix A to this Circular, in particular, pages 23 to 27 of the Valuation Report.

Impairments and Write-offs

The impairments, provisions, and write-offs/write-downs made in respect of the Disposal Companies in the last three financial years are set out below. Such impairments, provisions, and write-offs/write-down made were in accordance to the Financial Reporting Standards in Singapore (FRSs) issued by the Accounting Standards Council of Singapore.

<b>Impairments, provisions, and write offs/write down for FY2015, FY2016 and FY2017</b>	<b>FY2017 RMB'000</b>	<b>FY2016 RMB'000</b>	<b>FY2015 RMB'000</b>
Impairment of land use rights	13,799		
Impairment of property, plant and equipment	19,100	70,327	48,961
Impairment of trade and other receivables	24,789	12,602	14,668
Written off advance payments to suppliers	28,000		
Write-down of inventories	4,033	917	1,103
Bad Debts written off	2,008	4,213	699
Pre-paid know-how written off			4,000
Impairment of investment in subsidiaries	41,908	95,170	3,100
	<b>133,647</b>	<b>183,229</b>	<b>72,531</b>

Disclosures and explanations on most of the aforesaid impairments, provisions and write-offs/write down have been made in the Company's previous SGXNet announcements and Annual Report 2017 and have also been extracted below for ease of reference.

The Audit Committee undertakes a vigorous quarterly/annual review of the reasonableness and the veracity of all impairments, provisions, and write-offs/write-down. In relation to impairments, provisions, and write offs/write down, neither the Board nor the Audit Committee leaves such decisions solely to the Group's Management. Where deemed fit, the Board and Audit Committee will not hesitate to seek independent professional advice from firms with the necessary experience and good track record in advising the Company on the merits of the such transactions.

The previous auditors of the Company, RT LLP, had issued its independent auditor's report on 4 April 2018 without any emphasis of matter, qualifications, or disclaimer of opinion on any of the above matters. The then auditors had, amongst other things, assessed the accuracy of Management's computation of the recoverable amount to determine the impairment loss in the subsidiaries, and challenged Management's assumptions on the expected price for the realisability of the underlying assets of the subsidiaries, in conducting its audit procedures on the Company's impairment of investment in subsidiaries. This was disclosed in the Company's Annual Report 2017, in particular page 31 read with Note 3(a).

- **Impairment of property, plant & equipment and land use rights**

The recoverable amounts of the property, plant and equipment and Land Use Rights can be affected by factors which are largely beyond the control of the Group, for example; stability of the industry and market demand; technical, technological, commercial and other types of obsolescence; actions by competitors or potential competitors; and changes in the legal and other regulatory framework. The estimated recoverable amounts are determined based on fair value less costs to sell, which are either based on (i) recognised valuation techniques based on cost approach using unobservable inputs applied by an independent valuer or (ii) market approach considering recently transacted prices paid for similar assets. The recoverable amounts of the property, plant and equipment could change significantly as a result of changes in the assumptions used in determining the market value.

Subsequently as at the end of FY2017, the Group carried out a review of the recoverable amount of its plant, and equipment due to indicators for impairment in light of the state of the business. The recoverable amount of the plant and equipment has been determined on the basis of their fair value less cost to sell.

As mentioned above, for FY2017, the Board decided to write-off the value of the Land Use Rights and relevant buildings in FY2017, among others, due to (i) the fact that the permitted use of the land parcels granted to the Disposal Companies is only for industrial development (and not for any other uses) and cannot be freely transferred, and also (ii) the loss of the Land Use Right for one of the land parcels, Lot No. C-09C-2. The size of Lot No. C-09C-2 is approximately 28.77% of the total site area under the Company's Land Use Rights which has been left vacant for more than two years. Prior to the value of the Land Use Rights being written off, the net book value of the Land Use Rights was RMB 13,973,000 (as reported in the financial results for Q12017. The restriction on transferability of the Land Use Rights is not expected to have an impact on the Proposed Disposal, as the Proposed Disposal does not result in a change or transfer of ownership of the Land Use Rights, which are held by the Disposal Companies.

- **Allowance for impairment of deposits in respect of the BCME Deposit**

The BCME Deposit amounting to RMB 28.0 million was paid to BCME as progress payments between July to October 2015 in respect of the construction of a production line for Zhihe Technology's manufacturing plant in FY2015, which was approved by the then Audit Committee and the directors of the Board in July 2015. In view of the worsening economic climate and persistent slowdown in the manufacturing industry in China dampening demand for the products of the Disposal Companies and weakening selling prices, the management of the Disposal Companies decided not to proceed with the installation of the new production line.



The total costs of the production line, including the machinery and installation, was RMB 37.6 million (comprising one machinery contract of RMB 30.8 million for the construction of a new production line and acquisition of a new PET spinning and drawing machine and yarn warping machine, and one service contract of RMB 6.8 million for the design, installation, calibration of machinery and training of production/engineering personnel). With respect to the machinery contract, payment of the contract price was to be made in progressive stages, with 60% to be paid upon signing of contract in July 2015, 20% to be paid 3 months after the signing, 15% to be paid 1 week before delivery of the machinery, with the balance 5% to be retained by the Company for approximately 12-18 months, pending rectification of defects to the machinery (if any). With respect to the service contract, payment of the contract price was also to be made in progressive stages, with 50% to be paid within 15 days upon signing of contract in July 2015, 40% to be paid upon completion of the contract, and the balance 10% to be retained by the Company, and would only be released to the supplier after two years if there are no issues with the machinery.

BCME had requested that the Disposal Companies take delivery of the new production line and for the balance RMB 9.6 million be paid in full, threatening legal action verbally (the Disposal Companies have not, at any time, received written notice or demands or legal actions commenced by BCME). Fujian Jinxian Law Firm had reviewed the relevant construction and related contracts and having examined the matter was of the opinion that as the Disposal Companies had not fulfilled their obligations with BCME, it is unlikely that the Disposal Companies were able to recover the deposits. Following extensive negotiations with BCME, it was mutually agreed that BCME waive its rights in claiming further compensation against the Company but the BCME Deposit would not be refunded. As such, the BCME Deposits was written off.

Further information on the BCME Deposits can be found in the Company's response to the queries of the SGX-ST on 5 March 2018.

- **Write-down of inventories**

Reviews are made periodically by the Group's Management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. Inventories are written down for any such declines based on historical obsolescence and slow-moving experiences.

The Management periodically review and propose the write-down of inventories which have been laying idle for approximately two years or more. Whilst there is no fixed policy for the impairment of inventory, any material write-downs are also submitted to the Board for discussion and approval.

The Company's inventory has been slow moving due to the negative business conditions which the Company has been experiencing. In accordance with the Financial Reporting Standard 2 *Inventories* (FRS 2), as the cost of the inventory that have become obsolete or degraded beyond use is not recoverable, such inventory has been written down to its net realisable value.

- **Impairment of investment in subsidiaries**

The estimates of the recoverable amount of the investment have been determined by Management based on the net realisable value of the net assets of the subsidiaries as at the end of each financial year, which approximates the recoverable amount of the investment in subsidiaries.

In view that the Company continued to experience declined in revenue and losses, which are indicators for impairment, the Group had carried out reviews of the recoverable amount of investment in subsidiaries during the financial year which led to the impairment of the same.

- **Impairment of trade and other receivables and bad debts written off**

Allowances for impairment of trade and other receivables are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables 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 judgment and estimates. Where the expected outcome is different from the original estimate, such difference will impact the carrying value of trade and other receivables and allowance for impairment loss in the period in which such estimate has been changed.

In accordance with the Group's policy, trade receivables that are outstanding for more than 6 months but less than a year are impaired at 50%. Trade receivables that have been outstanding for a year and above are fully impaired.

Trade receivables were impaired in accordance to the Group's policy due to longer payment cycles amidst weakening business climate in China.

- **Write off of pre-paid know-how**

The amount of RMB 8.5 million for the prepaid know-how represents the purchase price of the know-how purchased from a third-party unrelated to the substantial Shareholders, Directors or the CEO of the Company and their respective associates in the financial year ended 31 December 2011.

The prepaid know-how relates to the technical know-how for anti-odour fibre material used in the production of 30D filament yarn and formula for styrene butadiene rubber. The application for registering the prepaid know-how as a patent was submitted by the Company to the State Intellectual Property Office of the PRC since 2011. With the cessation of the 30D filament yarn business and in consideration of the long duration of the application process, the Board was of the opinion that it was improbable that future economic benefits will arise from the prepaid know-how for the foreseeable future which led to the write off of the same in FY2015. Accordingly, the patent application was not proceeded with and allowed to lapse.

The auditors of the Company had conducted an audit of the write-off in FY2015, and had not made any emphasis of matter, qualifications or disclaimer in respect of its audit findings and opinions.

4.2.2 Please find below an extract of the balance sheet of the Disposal Companies as at 30 September 2018 as set out in the Valuation Report:

	(RMB'000)
<b>Current Assets</b>	
Cash and cash equivalents	433
Trade receivables	8,694
Other receivables	622
Prepaid expenses	16
Advance payments	–
Inventory	116
<b>Total Current Assets</b>	<b>9,881</b>
<b>Non-current Assets</b>	
Property & Plant and Equipment	822
Land use right	–
<b>Total Non-current Assets</b>	<b>822</b>
<b>Total Assets</b>	<b>10,703</b>

(RMB'000)

<b>Current Liabilities</b>	
Trade payables	264
Salary payables	2,389
Advance payment received	–
Tax payable	28
Provision for social security costs	3,877
Other payables	20,400
Provision	21
Due to related parties	22
<b>Total Current Liabilities</b>	27,001
<b>Total Liabilities</b>	27,001
<b>Net Liabilities</b>	(16,299)

A breakdown of the top 7 major debtors of the Disposal Companies, which owe an aggregate of RMB 8,091,000 out of the total trade receivables of RMB 8,694,000 of the Disposal Companies as at the Latest Practicable Date, are as follows:

(RMB'000)

<b>Customer name</b>	
东莞市佳豪体育用品有限公司	542
龙岩市美诚贸易有限公司	1,416
元丰（泉州）纺织有限公司	531
厦门祺鸿贸易有限公司	1,001
福建起步儿童用品有限公司	463
东莞市桦辉运动用品有限公司	3,771
福建茂丰贸易有限公司	366
<b>Total</b>	8,091

Further information on the creditors and debtors of the Disposal Companies can be found in the Valuation Report.

Prior to the completion of the Proposal Disposal, the Company will update shareholders in the event of receipt of outstanding trade receivables by the Disposal Companies or any event giving rise to a material write-off or non-payment.

#### 4.3. Use of Proceeds

The net proceeds arising from the Proposed Disposal will amount to RMB 3 million. It is expected that the net proceeds will be made available for the Company's general working capital requirements and growth of the Green Energy Business.

The proceeds from the Proposed Disposal will be paid fully in cash to the Company as set out in Section 3.1 of this Circular.

The Company will make the appropriate announcements to update Shareholders on the progress and status of the Proposed Disposal (including but not limited to Completion and the receipt of the net proceeds).

#### 4.4. Group Structure Before and After the Proposed Disposal

The structure of the Group before and after the Proposed Disposal is set out in Appendix B of this Circular.

## 5. Relative Figures under Chapter 10 of the Listing Manual

5.1. The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	(8143%) <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	72.35% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	13.65% <sup>(3)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable <sup>(4)</sup>

### Notes:

- (1) Unaudited net asset value of the Sale Shares as at 30 June 2018 is negative RMB 57 million, compared to the Group's unaudited net asset value of RMB 0.7 million as at 30 June 2018.
- (2) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items. The net loss attributable to the Sale Shares is determined based on the 1H2018 unaudited net loss of the Disposal Companies of RMB 5.2 million. The 1H2018 unaudited net loss of the Group was RMB 7.1 million.
- (3) The Company's market capitalisation was approximately RMB 22 million (based on the exchange rate of RMB 5.0 to SGD 1.0 on 28 August 2018), determined by multiplying the total issued shares of 498,268,732 shares by the volume weighted average price of the Company's shares of SGD 0.009 per share, based on trades done on the SGX-ST on 28 August 2018, being the market day preceding the date of the Agreement. The Consideration for the Proposed Disposal is RMB 3 million pursuant to the Agreement.
- (4) This basis is not applicable to the Proposed Disposal.

5.2. As the relative figure computed pursuant to Rule 1006(b) exceeds 20%, the Proposed Disposal is classified as a major transaction within the meaning of Rule 1014 of the Listing Manual of the SGX-ST. Accordingly, the Proposed Disposal requires the approval of Shareholders of the Company.

## 6. Financial Effects of the Proposed Disposal

### 6.1. Illustrative Financial Effects

For illustrative purposes only, the financial effects of the Proposed Disposal on the (1) NTA per Share, and (2) EPS of the Group, based on the audited consolidated financial statements of the Group for FY2017, are set out below.

## 6.2. NTA per Share

The effect of the Proposed Disposal on the NTA per Share of the Company is based on the most recently completed financial year (i.e. FY2017), assuming that the Proposed Disposal had been effected at the end of FY2017:

	Before the Proposed Disposal	After the Proposed Disposal
<b>NTA (RMB)</b>	(11,814,430)	44,353,301
<b>Number of issued Shares</b>	467,926,732	467,926,732
<b>NTA per Share (RMB cents)</b>	(2.52)	9.48

## 6.3. EPS

The effect of the Proposed Disposal on the EPS of the Company shown below is based on the most recently completed financial year (i.e. FY2017), assuming that the Proposed Disposal had been effected at the beginning of FY2017:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to Shareholders (RMB)	107,735,950	4,846,275
Weighted average number of Shares	467,926,732	467,926,732
Loss per Share (RMB cents)	23.02	1.04

## 6.4. Gain on disposal

The Proposed Disposal would amount to a gain on disposal of approximately RMB 18 million, taking into consideration of the reversal of impairment of investment in subsidiary of approximately negative RMB 14 million (after adjusting for the statutory reserve of approximately RMB 43 million) and the Consideration for the Proposed Disposal of RMB 3 million as at the date of the Agreement.

## 6.5. Other Financial Information

6.5.1 Based on the 3Q2018 interim financial statements of the Group, the Green Energy Business, the remaining business of the Company after the Proposed Disposal, recorded an operating profit of approximately RMB 300,000.

6.5.2 Based on the 3Q2018 interim financial statements of the Group, the remaining assets and the value of such assets of the Group after the Proposed Disposal are set out below:

	RMB' 000
<b>ASSETS</b>	
<b>Non-current assets</b>	
Goodwill	3,383
Intangible asset	8,578
Property, plant and equipment	2,689
Other investment	180
Deferred tax assets	675
	<u>15,505</u>
<b>Current assets</b>	
Inventories	780
Trade and other receivables	3,166
Other current assets	
Cash and cash equivalents	3,402
	<u>7,348</u>
<b>TOTAL ASSETS</b>	<u>22,853</u>

## 7. Directors' and Substantial Shareholders' Interests

### 7.1. Directors' Interests

The interests of the Directors in Shares, as extracted from the Register of Directors' Shareholdings and Warrant holdings, as at the Latest Practicable Date are set out below:

Director	Number of Shares			
	Direct Interest	% <sup>(1)</sup>	Deemed Interest <sup>(2)</sup>	% <sup>(1)</sup>
Koo Ah Seang	82,862,700	15.65	–	–
Tay Wee Kwang	68,101,000	12.86	–	–
Soh Beng Keng	200,000	0.04	–	–
Loh Ji Kin	–	–	–	–
Geoffrey Ng Ching Fung	–	–	–	–

Director	Number of Warrants			
	Direct Interest	% <sup>(1)</sup>	Deemed Interest <sup>(2)</sup>	% <sup>(1)</sup>
Koo Ah Seang	56,167,900	6.42	–	–
Tay Wee Kwang	49,302,000	5.64	–	–
Soh Beng Keng	400,000	0.04	–	–
Loh Ji Kin	–	–	–	–
Geoffrey Ng Ching Fung	–	–	–	–

**Notes:**

- (1) Based on the total number of 529,412,732 issued Shares as at the Latest Practicable Date. There are no Shares held in treasury as at the Latest Practicable Date.
- (2) Based on the total number of 874,367,464 issued Warrants as at the Latest Practicable Date.
- (3) Deemed interest means interest determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

### 7.2. Substantial Shareholders' Interests

The interests of the substantial Shareholders in Shares and Warrants as at the Latest Practicable Date are set out below:

Director	Number of Shares			
	Direct Interest	% <sup>(1)</sup>	Deemed Interest <sup>(2)</sup>	% <sup>(1)</sup>
Koo Ah Seang	82,862,700	15.65	–	–
Tay Wee Kwang	68,101,000	12.86	–	–

Director	Number of Warrants			
	Direct Interest	% <sup>(1)</sup>	Deemed Interest <sup>(2)</sup>	% <sup>(1)</sup>
Koo Ah Seang	56,167,900	6.42	–	–
Tay Wee Kwang	49,302,000	5.64	–	–

**Notes:**

- (1) Based on the total number of 529,412,732 issued Shares as at the Latest Practicable Date. There are no Shares held in treasury as at the Latest Practicable Date.
- (2) Based on the total number of 874,367,464 issued Warrants as at the Latest Practicable Date.
- (3) Deemed interest means interest determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

- 7.3. None of the Directors or substantial Shareholders or their respective associates have any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

## **8. Directors' Recommendation**

- 8.1 Having considered the terms, and the rationale and benefits of the Proposed Disposal, the Directors are of the view that the Proposed Disposal is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution (as set out in the notice of EGM on page 79 of this Circular) at the EGM to be held on 29 April 2019 at 2.00 p.m. in respect of the Proposed Disposal.
- 8.2 In giving the above recommendation, the Directors have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax positions or particular needs or constraints of any individual Shareholder or any specific group of Shareholders. As different Shareholders have different investment objectives and profiles, the Directors recommend that any Shareholder who may require specific advice in relation to his or her investment portfolio should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

## **9. Extraordinary General Meeting**

The EGM, notice of which is set out on page 79 of this Circular, will be held at 10 Anson Road, #36-05A International Plaza, Singapore 079903 on 29 April 2019 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out in the notice of EGM.

## **10. Action to be Taken by Shareholders**

### **10.1. Appointment of Proxies**

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy or proxies to attend, speak and vote on his behalf, he should complete, sign and return the Proxy Form enclosed with this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time appointed for the EGM.

The completion and lodgement of the Proxy Form by a Shareholder will not preclude him from attending, speaking and voting in person at the EGM in place of his proxy or proxies if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the EGM.

### **10.2. When Depositor regarded as Shareholder**

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP as at 72 hours before the time appointed for the EGM.

## **11. Further Information**

### **11.1. Directors' Service Contracts**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

### **11.2. Consents**

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Report and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

## 12. Inspection of Documents

Copies of the following documents are available for inspection at the registered office of the Company at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 during normal business hours for three months from the date of the Announcement:

- (a) the Constitution of the Company;
- (b) the Annual Report 2017;
- (c) the Agreement;
- (d) the Valuation Report; and
- (e) the letter of consent to the inclusion of their name, the Valuation Report and all references in the Circular from the Independent Valuer.

## 13. Directors' Responsibility Statement

Save for the Valuation Report, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including the Valuation Report), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully

for and on behalf of  
the Board of Directors of  
**BM MOBILITY LTD.**

Tay Wee Kwang  
Executive Director and Chief Executive Officer



## APPENDIX A

### Valuation Report

#### BM Mobility Ltd

**Business Valuation report**  
*in relation to Zhihe (Fujian) Technology Co., Ltd. and Ziwo (Fujian) Import & Export Trading Co., Ltd.*

**31 December 2018**



*\*Unless otherwise stated herein, all currency amounts are expressed in Chinese Renminbi. Certain figures have been rounded for presentation purposes.*

PRIVATE AND CONFIDENTIAL



**BM Mobility Ltd**

10 Anson Road  
#18-15 International Plaza  
Singapore 079903

31 December 2018

Dear Sirs / Madames,

**BUSINESS VALUATION**

Mazars LLP ("Mazars") have been engaged by BM Mobility Ltd ("BM Mobility" or the "Client") to perform an business valuation exercise to estimate the Market Value range of the 100% share capital in Zhihe (Fujian) Technology Co., Ltd. ("Zhihe Technology") and Ziwo (Fujian) Import & Export Trading Co., Ltd. ("Ziwo ImpEx") (collectively, the "Ziwo Group" or the "Companies"). This engagement is governed by the terms and reference in our engagement letter (Reference number: BMM.B002) dated 20 September 2018.

This engagement has been undertaken in accordance with the requirements of International Valuation Standard ("IVS") 2017 published by the International Valuation Standards Council ("IVSC").

This engagement has been undertaken under Market Value basis. Market Value is defined by the IVSC as *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

**Mazars LLP**

135 Cecil Street #10-01 MYP Plaza  
Singapore 069536  
Tel: +65 6224 4022  
Fax: +65 6225 3974

The following report was prepared solely for reference purpose in relation to BM Mobility's contemplated disposal of the entire issued and paid-up share capital of Zhihe Technology and Ziwo ImpEx (the "Proposed Disposal") and should not be relied on for any other purposes. This report should not be quoted, referred to or shown to any other parties without Mazars' prior consent in writing.

Our valuation analysis is based on financial statements, management accounts and other inputs provided by the management of BM Mobility (the "Management"). We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. The accuracy of such information is the sole responsibility of the Management. Our conclusion of value is conditional upon the completeness, accuracy and fair presentation of the information from the Management.

We draw your attention to Appendix 1 of this report, which sets out the scope and limitations of our work. If you require any clarification or further information, please contact Mr. Lai Keng Wei (+65 6572 9788) or Mr. Huy Nguyen (+65 6591 9247).

Yours sincerely,

**Mazars LLP**

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## GLOSSARY

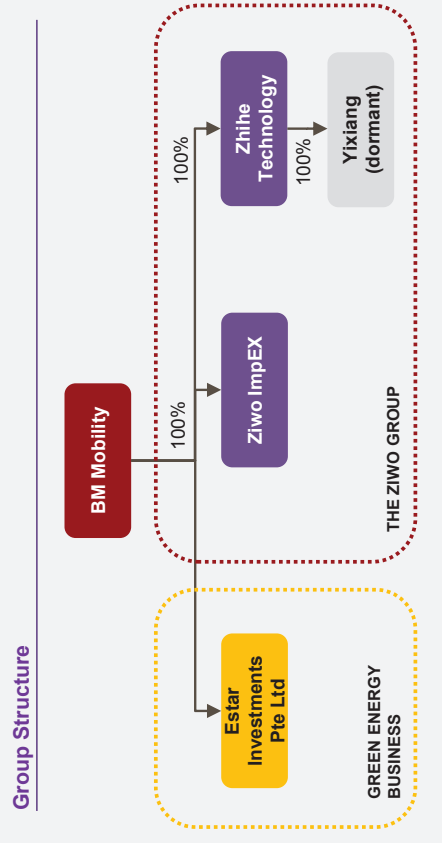
BM Mobility or the Client	BM Mobility Ltd, formerly known as Ziwo Holdings Ltd.	NAV	Net Asset Value
CAGR	Compound Annual Growth Rate	NBV	Net Book Value
CAPM	Capital Asset Pricing Model	NTA	Net Tangible Asset
the Companies or the Ziwo Group	Zhihe Technology and Ziwo ImpEx	PAT	Profit After Tax
DCF	Discounted Cash Flow	PBT	Profit Before Tax
DLOC	Discount for Lack of Control	the Proposed Disposal	The proposed disposal of the entire issued and paid-up share capital of Zhihe Technology and Ziwo ImpEx.
DLOM	Discount for Lack of Marketability	RMB	Renminbi, the official currency of the People's Republic of China
EBIT	Earnings Before Interests and Taxes	TTM	Trailing-twelve-month
EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortisation	Valuation Date	30 September 2018
EBT	Earnings Before Tax	WACC	Weighted Average Cost of Capital
EV	Enterprise Value	Yixiang	Quanzhou Yixiang Textile Co., Ltd
FCFF	Free Cash Flow to Firm	Y-o-y	Year-on-year
FY	Financial year ending 31 December	Zhihe Technology	Zhihe (Fujian) Technology Co., Ltd.
IVS	International Valuation Standards	Ziwo Holdings	Ziwo Holdings Ltd
IVSC	International Valuation Standards Council	Ziwo ImpEx	Ziwo (Fujian) Import & Export Trading Co., Ltd.
k	Thousands		
m	Millions		
Management	The management of BM Mobility and/or Ziwo Group		
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.		

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## EXECUTIVE SUMMARY

- The subject asset of this valuation exercise is the 100% share capital in Zhihe Technology and Ziwo ImpEx ("Ziwo Group" or the "Companies").
- **Zhihe Technology** is a limited liability company incorporated in the PRC on 11 August 2003. Its principal activities are in research and development, manufacture and sale of terylene filament yarn, sandwich mesh fabric, SBR and other foamed materials. Zhihe Technology has one wholly-owned subsidiary, Quanzhou Yixiang Textile Co., Ltd ("Yixiang"), which is currently dormant.
- **Ziwo ImpEx** is a limited liability company incorporated in the PRC on 7 April 2010. Its principal activities are trading in foamed materials, textile, sports and sports accessories, garments and footwear.
- We understand that the Ziwo Group has been suffering losses since 2015 and subsequently ceased operations in Q1 FY2018. The Ziwo Group did not record any revenue in 1H2018. At the Extraordinary General Meeting ("EGM") on 2 January 2018, the shareholders of BM Mobility approved the diversification of its core business into green energy business.



### THE SUBJECT ASSET

### VALUATION METHODOLOGY

- We have considered all three generally-accepted valuation approaches, namely the Market Approach, the Income Approach and the Cost Approach. As Ziwo Group has ceased operations in Q1 FY2018 and is not expected to re-commence in the near future, Income Approach and Market Approach are considered to be inappropriate. As such, we have relied on the Summation Method, a valuation method under the Cost Approach to estimate the Market Value range of the 100% share capital in Ziwo Group.
- Please refer to Section 5 – *Valuation Methodologies* for more detailed discussions on the selection of valuation methodology.

## EXECUTIVE SUMMARY

### CONCLUSION OF VALUE

- Based on the analyses and assumptions detailed in the later sections of this report, the total Market Value of the assets is approximately RMB10.7 million, which is lower than the total Market Value of the liabilities of RMB27.0 million, resulting in net liabilities of **RMB16.3 million** as at 30 September 2018 (the "Valuation Date").

SUMMATION METHOD (RMB'000)	30-Sep-18
Trade receivables	8,694
Other current assets	1,187
PP&E	822
Land use right	-
<b>Total assets</b>	<b>10,703</b>
Trade payables	(264)
Salary Payables	(2,389)
Other current liabilities	(24,348)
<b>Net Liabilities</b>	<b>(16,299)</b>

*Source: Management and Mazars' computations*

- Via the Summation Method, as the resulting Market Value of the net assets is lower than zero, the Market Value of the 100% equity interest in Ziwo Group is computed to be **nil** as at Valuation Date. The detailed workings are set out in Section 6 – Valuation of Ziwo Group.

### DEPENDENCIES

- Our conclusions are primarily dependent on the following assumptions:
  - Ziwo Group will not have sufficient liquidity and funding to re-commence its operations for the foreseeable future.
  - There will be no unforeseen changes in the macroeconomic conditions, technology and government policies for the foreseeable future.
  - The government will not grant the necessary approvals for Ziwo Group to sell the land use rights and the buildings located at Western Section, Qingmeng Zone, Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC.
  - Ziwo Group will not be able to recover the deposit paid in 2015 to Beijing Chonglee Machinery Engineering Co. Ltd for the construction of a new production line.
  - The impaired trade receivables will not be recoverable.
  - The other liabilities of approximately RMB20.4 million, comprising personal advances from the previous director and provisions for retrenchment of staff, will have to be paid.
  - There are no material undisclosed or contingent assets and liabilities that have not been brought to our attention during the course of the engagement.



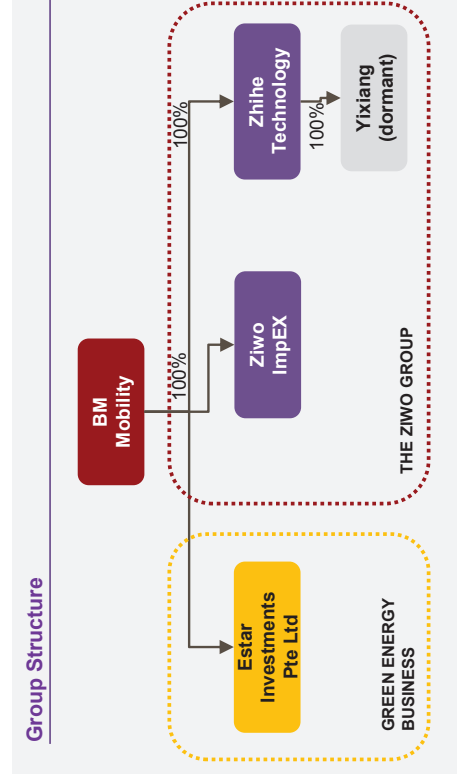
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## OPERATION OVERVIEW

### BACKGROUND

- Listed on the Mainboard of the SGX, BM Mobility, formerly known as Ziwo Holdings Ltd (“Ziwo Holdings”), was engaged in the research and development, manufacture and sale of styrene butadiene rubber and other foam materials primarily in the People’s Republic of China.
- At the EGM on 2 January 2018, the shareholders of Ziwo Holdings approved the diversification of its core business in to green energy business and the change of company name from “Ziwo Holdings Ltd” to “BM Mobility Ltd”.
- Zhihe Technology** is a limited liability company incorporated in the PRC on 11 August 2003. Its principal activities are in research and development, manufacture and sale of terylene filament yarn, sandwich mesh fabric, SBR and other foamed materials. Zhihe Technology has one wholly-owned subsidiary, Quanzhou Yixiang Textile Co., Ltd (“Yixiang”), which is currently dormant.
- Ziwo ImpEx** is a limited liability company incorporated in the PRC on 7 April 2010. Its principal activities are trading in foamed materials, textile, sports and sports accessories, garments and footwears.



### PRODUCTS

- The main products of the Ziwo Group comprise:
  - **Styrene Butadiene Rubber** (“SBR”) and other foamed materials;
  - **30D terylene filament yarn** (“30D TFY”); and
  - **Sandwich mesh fabric** (“SMF”).
- The above products are used as raw materials in the production of lifestyle consumer products, furniture upholstery and automobile interior lining.
- The Ziwo Group operated a production plant located at Western Section, Qingmeng Zone, Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC.

### PRODUCT QUALITY ISSUES

- On 14 August 2015, Ziwo Holdings announced that the Companies faced product defect claims of RMB38.1 million pertaining to defective filament yarn and sandwich mesh sold. Testing results and internal investigation traced the source of the problem to faulty machinery used in the production of both products.
- Subsequently on 6 October 2015, Ziwo Holdings announced product defect claims from an additional 3 customers for the same batch of faulty products. The total compensation paid to these 3 customers amounted to RMB95.6 million.

### DISCONTINUED PRODUCTS

- On 14 August 2015, Ziwo Holdings announced the decision to close the 30D TFY production line considering (a) the intense competition; (b) 30D TFY rendered obsolete by warped yarn; and (c) the necessary additional investment in production facility.
- Subsequently in FY2016, Ziwo Holdings announced the decision to discontinue SMF products due to low demand.
- The production of SBR and other foamed materials ceased in Q1 FY2018.

## SWOT ANALYSIS

- **Long track record:** Zhihe Technology was established in 2005 and started to launch its products in 2006.
  - **Customer relationship:** voted as one of the top sellers of foamed SBR and drawn textured terylene single filament yarn in the PRC in 2007 and 2008.
- Typically, **long track record** and **customer relationship** are very important for raw material suppliers. However, these advantages have been damaged by the defective products in 2015 where the Companies had to pay a total of RMB133.7 million to 4 key customers as out-of-court settlement.

### Strengths

- **Low product differentiation:** the products of the Companies are raw material for the production of shoes and apparels. These products carry no branding or marks to differentiate them from the competing products. The manufacturers can freely switch to a different supplier.
- **Low bargaining power:** the Companies do not have much bargaining power with its customers. From FY2015 to FY2017, the Companies have to keep cutting prices to sell its inventory, leading to declining gross profit margin.
- **Obsolete machinery:** defective machinery were found to be the cause of the low quality products.
- **Low financial support:** the Companies do not have the necessary capital to upgrade its machinery and relocate its production plant to lower cost countries.

### Weaknesses

### Opportunities

- **Made in China 2025:** The China government is planning to move up the value chain, focusing on innovation and high-value products.
- This represents an opportunity for the Companies to focus on R&D, automation and developing new high-value products. However, this is only possible if there is sufficient capital. Furthermore, developing new products is time-consuming and the success is highly uncertain.

### Threats

- **Substitute products:** in 2015, the Companies had to cease production of 30D TFY as it was rendered obsolete by warped yarn.
- **Rising labour costs:** Labour costs in China have risen five-fold in the last decade since 2005, and 15 fold since 1995 based on information from the Economist Intelligence Unit. Please refer to *Section 4 – Industry Outlook* for more information on labour costs.
- **Trade war with the US:** Together with rising labour costs, the high import tariff for Chinese goods have caused major manufacturers to shift productions to other countries. Please refer to *Section 4 – Industry Outlook* for more information.

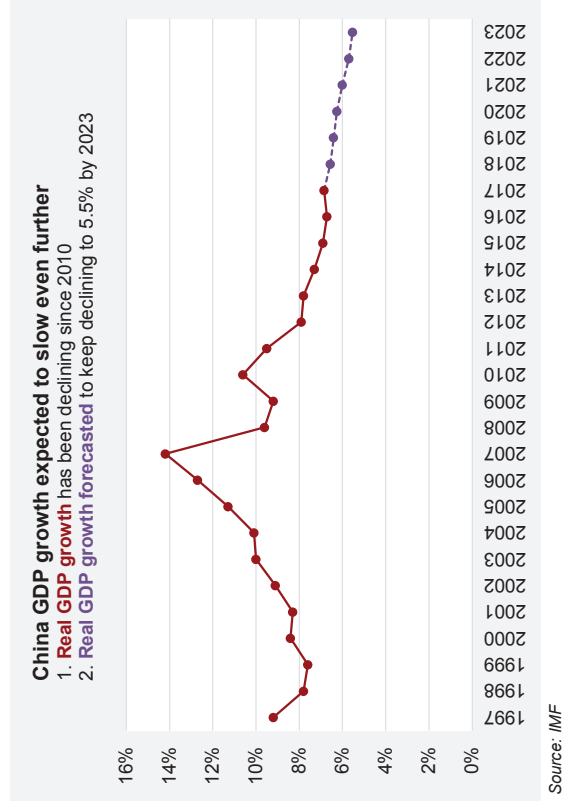
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## MACROECONOMIC FACTORS

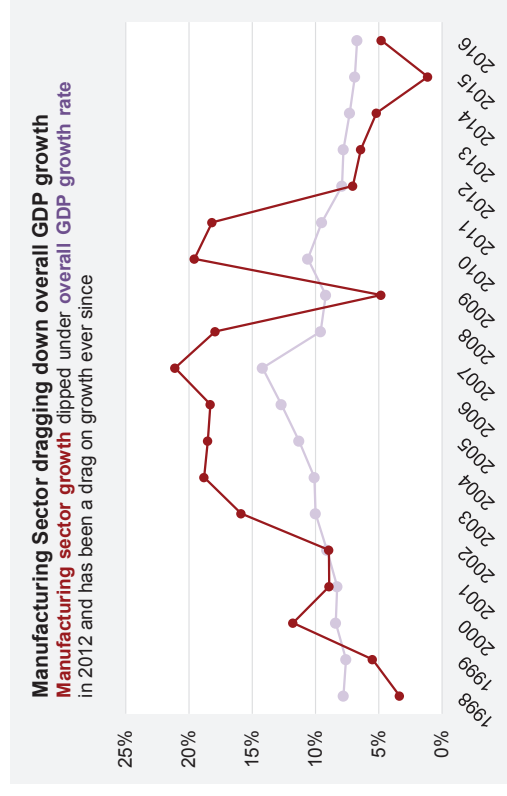
### SLOWING GDP GROWTH

- Since the 1980s, with economic reforms and trade liberalisation, China has consistently been among the world's fastest growing economy. However, as China's economy matures, its real GDP growth rate has slowed significantly from 14.2% in 2007 to 6.9% in 2017.
- IMF expects China's GDP growth rate to slow even further to 5.5% in 2023.



### SLOWING GROWTH OF THE MANUFACTURING SECTOR

- Much of China's growth in the recent decades can be attributed to industrialisation and the rise of the manufacturing sector. Large MNCs moved their manufacturing facilities to China to take advantage of the low labour costs. At the same time, farmers moved from rural areas to the cities to work in factories, adding to a large pool of cheap and readily-available workforce, keeping the labour costs low.
- However, the manufacturing sector, once a major engine of growth for China, is stuttering and is dragging down overall growth.

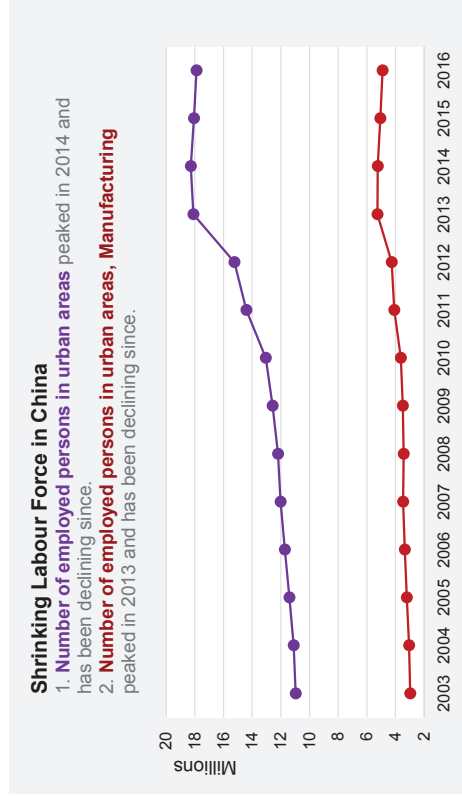


- The main challenges of the manufacturing sector include (a) shrinking and aging workforce; (b) rising labour costs and (c) the trade war with the US causing higher import tariffs for Chinese goods.

## MACROECONOMIC FACTORS

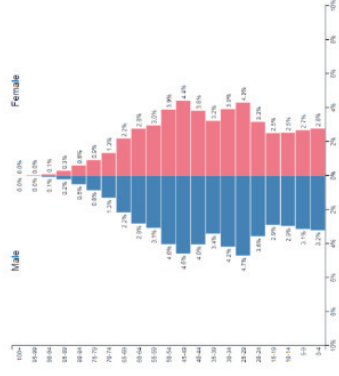
### SHRINKING AND AGING LABOUR FORCE

- China is now facing serious structural changes in its demography. The “one-child policy” has resulted in a rapidly-aging population and a shrinking labour force.

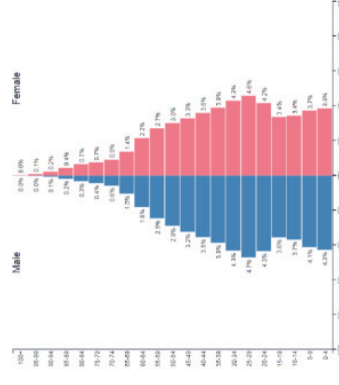


- Meanwhile, China's population is aging rapidly. The Economist Intelligence Unit (“EIU”) expects the share of the younger population (15-39 years old), to drop from 38% of the total population in 2013 to 28% by 2030.<sup>1</sup>
- Comparison between China's age pyramid and that of Vietnam, Thailand and Indonesia highlights the clear problem of China's aging workforce.

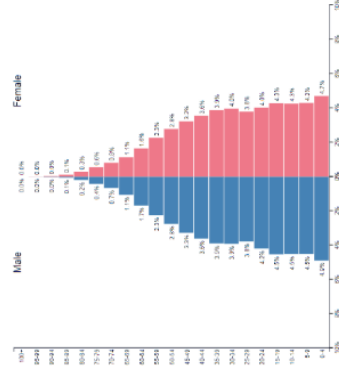
China ▶  
2017  
Population: 1,388,232,692



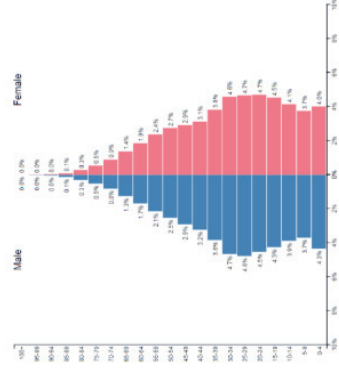
Viet Nam ▶  
2017  
Population: 95,414,639



Indonesia ▶  
2017  
Population: 263,510,146



Malaysia ▶  
2017  
Population: 31,164,177



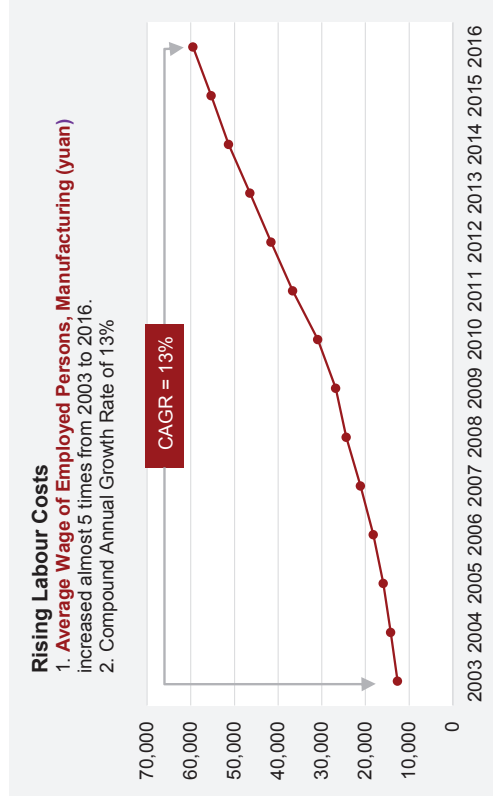
<sup>1</sup> EIU, Share of Younger Population (15-39 years) in Total Population, Share of Older Population (65+ years) in Total Population, <http://www.eiu.com>

Source: [www.populationpyramid.net](http://www.populationpyramid.net)

## MACROECONOMIC FACTORS

### RISING LABOUR COSTS

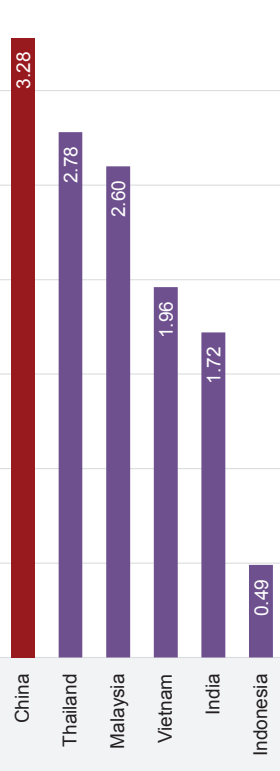
- Along with China's growth over the past decades, the standards of living of the citizens improved. However, this has also resulted in higher cost of living and rising labour costs. Based on information from the EIU, labour costs in China have risen five-fold in the last decade since 2005, and 15 fold since 1995.



- EIU reported that manufacturing costs in China reached US\$3,28/hr in 2015, highest among the other attractive lower cost manufacturing destinations, namely Malaysia, India, Thailand, Indonesia, and Vietnam.

### Manufacturing Costs (USD/hr) in 2015

Manufacturing costs in **China** is almost **2 times** that of **India** and more than **6 times** that of **Indonesia**.



Source: EIU

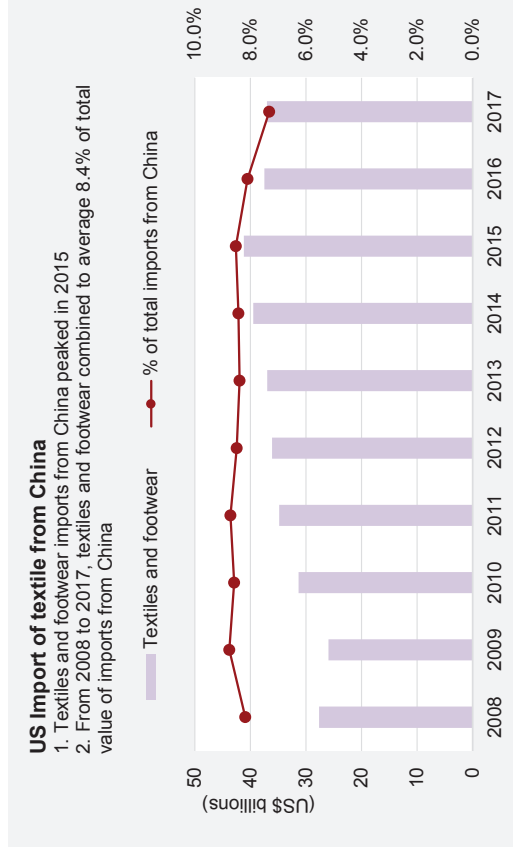
- Concerned with the rising manufacturing costs, some major shoe makers had announced plans to shift production to cheaper countries. Adidas announced in May 2018 that (a) factories in Vietnam accounted for 44% of Adidas footwear compared to just 19% for China; and (b) this trend is expected to continue.<sup>2</sup> Other major manufacturers such as Nike and Puma had announced similar plans to shift their production to other countries.
- The rising cost has also affected the textile industry in China. Data from the World Trade Organisation shows that China's market share by value in the global textile and clothing industry fell from 38.6% in 2015 to 35.8% in 2016.
- The National Bureau of Statistics of China reported that China's export of textile products have been declining since 2014 at a CAGR of -6%. 2016 was a particularly bad year for China textile industry with export declining by more than 10% compared to 2015.

<sup>2</sup>Adidas Sees Ongoing Sourcing Shift from China to Vietnam." Reuters, 9 May 18, [www.reuters.com/article/us-adidas-trade/adidas-sees-ongoing-sourcing-shift-from-china-to-vietnam-idUSKBN1IA1DA](http://www.reuters.com/article/us-adidas-trade/adidas-sees-ongoing-sourcing-shift-from-china-to-vietnam-idUSKBN1IA1DA).

## MACROECONOMIC FACTORS

### TRADE WAR

- Trade tensions between the US and China started in early 2018 with the US imposing 30% tariff on import of solar panel and 20% tariff on import of washing machines. Since then, tensions between both sides have escalated, resulting higher tariffs for more than US\$250 billion worth of Chinese goods and US\$100 billion worth of US goods.
- As a result of the trade war, foreign companies, notably Adidas, Nike, Deckers, Hasbro and Olympus are starting to diversify their supply chain and moving their production facilities away from China.<sup>3,4,5</sup>
- Even Chinese firms such as Zhejiang Hallide New Materials, Linglong Tyre, H1 Corp among others are reported to be moving their production away from China to avoid the potential tariffs.<sup>5</sup>
- As shown on the chart on the right, textile and footwear combined for approximately 8.4% of the total value of imports from China from 2008 to 2017. Any new tariffs levied on import of textiles and footwear from China is likely to cause more manufacturers to exit China.



<sup>3</sup>To See How Asia's Manufacturing Map Is Being Redrawn, Look at Nike and Adidas." Quartz, 10 May 2018, [www.qz.com/1274044/nike-and-adidas-are-steadily-ditching-china-for-vietnam-to-make-their-sneakers/](http://www.qz.com/1274044/nike-and-adidas-are-steadily-ditching-china-for-vietnam-to-make-their-sneakers/)

<sup>4</sup>Trade War Casualties: Factories Shifting Out Of China." Forbes, Forbes Magazine, 31 July 2018, [www.forbes.com/sites/kennapozar/2018/07/30/trade-war-casualties-factories-shifting-out-of-china/#156f2c2f103e](http://www.forbes.com/sites/kennapozar/2018/07/30/trade-war-casualties-factories-shifting-out-of-china/#156f2c2f103e).

<sup>5</sup>Chinese Companies Flee Overseas to Avoid US Tariffs." Channel NewsAsia, 11 Sept. 2018, [www.channelnewsasia.com/news/business/chinese-companies-flee-overseas-to-avoid-us-tariffs-10704588](http://www.channelnewsasia.com/news/business/chinese-companies-flee-overseas-to-avoid-us-tariffs-10704588).



## CONCLUSION

<b>Positives</b>	<ul style="list-style-type: none"><li>▪ China still being a major player in the global textile and clothing industry with a market share of 35.8% in 2016.</li></ul>
<b>Negatives</b>	<ul style="list-style-type: none"><li>▪ Slowing real GDP growth.</li><li>▪ Growth in manufacturing sector is even slower than the overall GDP growth rate and has been dragging down the overall GDP growth rate.</li><li>▪ Shrinking and aging labour force.</li><li>▪ Rising labour costs.</li><li>▪ Trade war between the US and China, resulting in higher tariffs for Chinese goods.</li><li>▪ Major manufacturers moving their operations away from China</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>▪ The overall macroeconomic climate is very negative for the Companies with (a) slowing growth; (b) rising costs and (c) a shrinking customer base as the textile and shoes manufacturers continue to moved their operations to other countries.</li></ul>

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## VALUATION APPROACHES

- Consideration must be given to the relevant and appropriate valuation approaches. The three approaches described, defined and considered below are the main approaches used in valuation. They are based on the economic principles of price equilibrium, anticipation of benefits or substitution. The principal valuation approaches are:

### Market Approach

- The Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The premise of the Market Approach is that a prudent investor would pay no more for an asset than the price to purchase similar assets in the marketplace. The process essentially involves comparison of the subject asset with other similar assets. Considerations such as location and time of sale are to be analysed for comparable assets, and adjustments to the prices observed are to be made to indicate a Market Value for the subject assets.
- Valuation methods under the Market Approach include Comparable Transactions Method and Guideline Publicly-traded Comparable Method.

### Income Approach

- The Income Approach provides an indication of value by the income generating potential of the subject asset. The premise of the Income Approach is that no investor would pay more for an asset than the present value of the income expected to be generated by the asset. The value of an asset is thus arrived at from the present value, at the valuation date, of the future income generated over the asset's expected useful life.

- Valuation methods under the Income Approach are typically variations of the Discounted Cash Flow method such as the Dividend Discount Model, Free Cash Flow to Firm ("FCFF") model and Free Cash Flow to Equity ("FCFE") model.

### Cost Approach

- The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved.

- A common Cost Approach valuation method used in business valuation is the summation method or Net Asset Value ("NAV") method, which provides an indication of the value of the subject company by the total value of the assets less the liabilities.

### Selection of Valuation Approach

- The goal in selecting valuation approaches and methods for an asset is to find the most appropriate method under the particular circumstances. No one method is suitable in every possible situation. In the selection process, we have considered the following:

- (a) the appropriate standard of value and premise of value, determined by the terms and purpose of the valuation assignment;
- (b) the respective strengths and weaknesses of the possible valuation approaches and methods;
- (c) the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market; and
- (d) the availability of reliable information needed to apply the method(s).

- Ziwo Group's operations has ceased in Q1 FY2018. Up to the Valuation Date, the business sentiments have further deteriorated with trade tensions between China and US and firms leaving China for other alternative low cost manufacturing countries.

- We have also made reference to the share price of the comparable companies. As shown in Appendix 2, the comparable companies lost an average of 27% of their market value between 31 December 2017 and 30 June 2018.

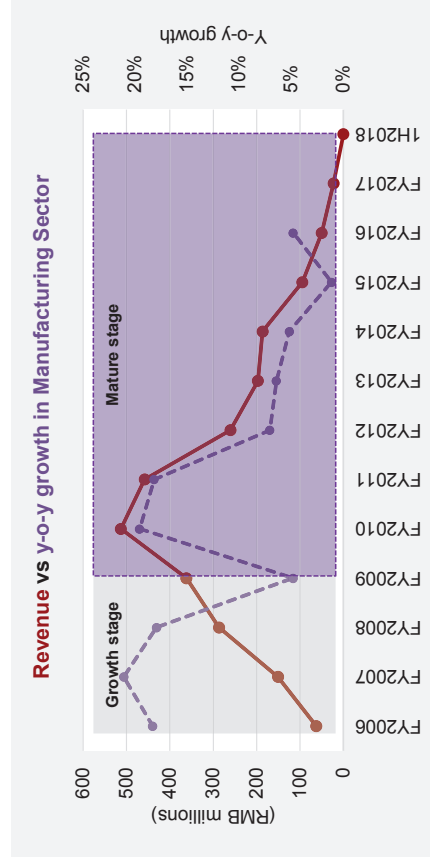
- As Ziwo Group's operations have ceased and is not expected to re-commence for the foreseeable future, the Income Approach and the Market Approach are not considered appropriate. Hence, we have relied on the Summation method, a valuation method under the Cost Approach to estimate the Market Value range of the 100% share capital in Ziwo Group.

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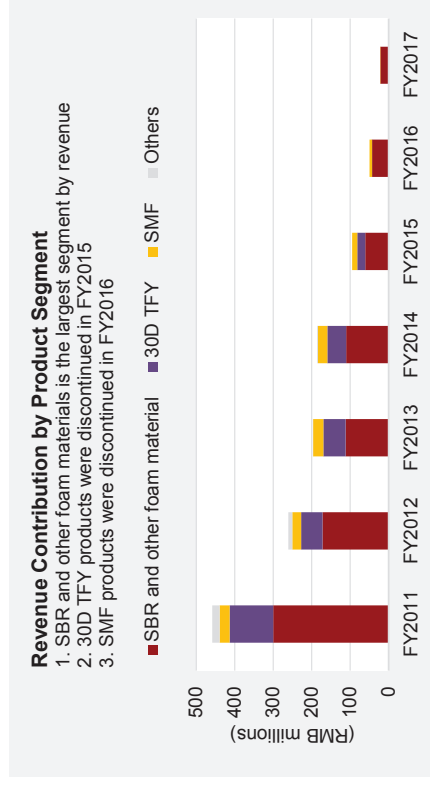
## FINANCIAL ANALYSIS

### REVENUE



Source: Audited financial statements and management accounts

- **Growth stage (FY2006 - FY2009):** Revenue increased at a CAGR of 80%. The Companies focused on R&D and successfully developed flame-resistant sandwich mesh fabric in September 2006 and new production methods for SBR diving materials and 30D TFY in 2008. Ziwo Group was named as one of the top sellers of foamed SBR and drawn textured filament yarn in the PRC in 2009.
- During this stage, Ziwo Group's revenue was growing quickly even as the overall manufacturing activities in China was slowing, especially in FY2009 due to the Global Financial Crisis.
- **Mature Stage (FY2009 onwards):** revenue appeared to be driven by the overall growth of the Manufacturing Sector. As the Manufacturing Sector recovered from the effects of the Global Financial Crisis, Ziwo Group's revenue peaked at RMB513.1 million in FY2010.
- Since then, due to a combination of low demand, high competition and closure of product lines, revenue has been decreasing at a CAGR of -36% to only RMB22.4 million in FY2017. In FY2017, all operations were discontinued and no revenue was earned in 1H2018.

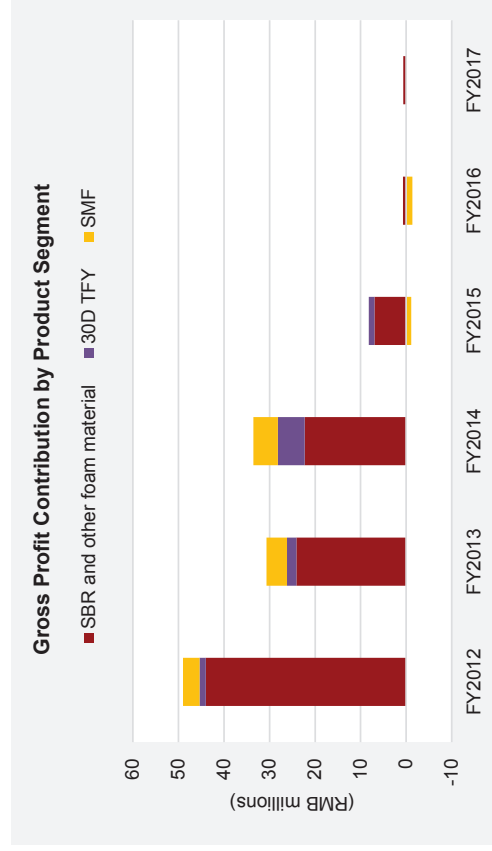


Source: Audited financial statements

- As shown in the chart above, SBR and other foam materials is the main contributor to revenue from FY2011 to FY2017.
- 30D TFY was the second largest segment by revenue up to FY2014. However, it was discontinued in FY2015 when faulty machinery and poor quality control caused defective products to be delivered to key customers, resulting in faulty product claims of RMB133.7 million.
- SMF was subsequently discontinued in FY2016 and in FY2017, the Companies decided to discontinue SBR and other foam materials.

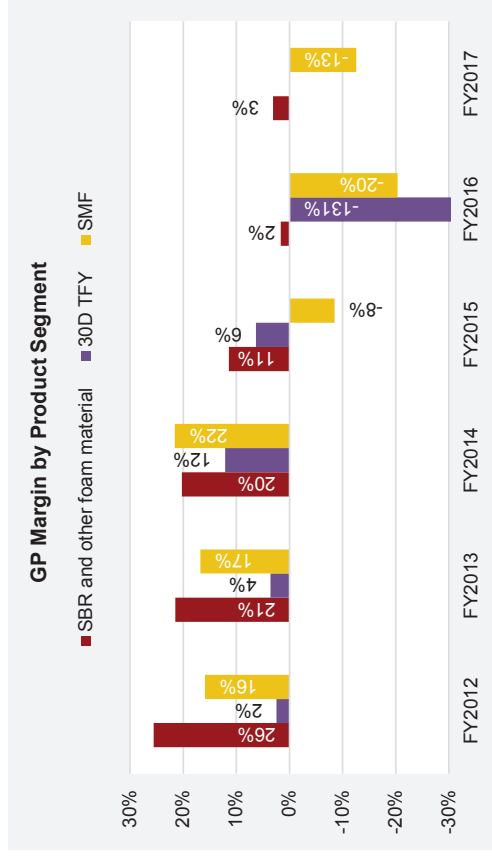
## FINANCIAL ANALYSIS

### PROFIT MARGINS



Source: Audited financial statements

- SBR and other foam material was the highest contributor to gross profit from FY2012 to FY2017.
- Among the three product lines, SBR and other foam material regularly reported the highest gross profit margin and was the last product segment to be discontinued in FY2017.



Source: Audited financial statements

- From FY2012 to FY2014, even as revenue was declining, Ziwo Group managed to maintain the GP margin for SBR and SMF products. GP margin declined significantly in FY2015 partly due to the quality issues, forcing the Companies to sell the faulty inventory at a substantial discount.
- GP margin declined further in FY2016 as the Companies struggled with low demand and high competition before discontinuing all product lines in FY2017.

## SUMMATION METHOD

Ziwo Group's Balance Sheet as at 30-Sep-18					
(RMB'000)	NBV	%	Adj	Market Value	Ref
<b>Current Assets</b>					
Cash and cash equivalents	433	4%	-	433	4%
Trade receivables	8,694	87%	-	8,694	87%
Other receivables	622	6%	-	622	6%
Prepaid expenses	16	0%	-	16	0%
Advance payments	-	0%	-	-	0%
Inventory	116	1%	-	116	1%
<b>Total Current Assets</b>	<b>9,881</b>	<b>92%</b>	<b>-</b>	<b>9,881</b>	<b>92%</b>
<b>Non-current Assets</b>					
Property & Plant and Equipment	822	8%	-	822	8%
Land use right	-	0%	-	-	0%
<b>Total Non-current Assets</b>	<b>822</b>	<b>8%</b>	<b>-</b>	<b>822</b>	<b>8%</b>
<b>Total Assets</b>	<b>10,703</b>	<b>100%</b>	<b>-</b>	<b>10,703</b>	<b>100%</b>
<b>Current Liabilities</b>					
Trade payables	264	1%	-	264	1%
Salary Payables	2,389	9%	-	2,389	9%
Advance payment received	0	0%	-	0	0%
Tax payable	28	0%	-	28	0%
Provision for SSI	3,877	14%	-	3,877	14%
Other payables	20,400	76%	-	20,400	76%
Provision	21	0%	-	21	0%
Due to related parties	22	0%	-	22	0%
<b>Total Current Liabilities</b>	<b>27,001</b>	<b>100%</b>	<b>-</b>	<b>27,001</b>	<b>100%</b>
<b>Total Liabilities</b>	<b>27,001</b>	<b>100%</b>	<b>-</b>	<b>27,001</b>	<b>100%</b>
<b>Net Assets</b>	<b>(16,299)</b>		<b>-</b>	<b>(16,299)</b>	

Source: Management

### VALUATION VIA SUMMATION METHOD

Via summation method, the Market Value of each asset and liability on the balance sheet has to be determined. Intangible assets and contingent liabilities, if any, should be identified and valued accordingly. Please refer to the table on the left for the amalgamated balance sheet of the Ziwo Group as at Valuation Date.

#### 1. Trade receivables

As at Valuation Date, trade receivables amounted to RMB668.61 million. Management represented that the majority of the trade receivables have been overdue for more than 12 months with the rest overdue for more than 6 months. Based on our discussion with Management, some of the overdue receivables are in dispute due to low quality products. As such, the collectability of the trade receivables is considered highly unlikely.

As a result, Management has made allowance for impairment of the trade receivables in accordance with the Ziwo Group's policy. Trade receivables that are outstanding for more than 6 months but less than a year are impaired at 50%. Trade receivables that have been outstanding for a year and above are fully impaired. The total impairment for trade receivables amounted to RMB59.9 million, resulting in NBV of RMB8.69 million.

During our site visit on 12 October 2018, we have been provided with seven legal letters issued by Zhihe Technology's law firm, Fujian Jinxian Law Firm (福建晋贤律师事务所), to the debtors.

Legal letters summary	(RMB '000)
Customer name	
东莞市佳豪体育用品有限公司	542
龙岩市美诚贸易有限公司	1,416
元丰(泉州)纺织有限公司	531
厦门棋鸿贸易有限公司	1,001
福建起步儿童用品有限公司	463
东莞市桦辉运动用品有限公司	3,771
福建茂丰贸易有限公司	366
<b>Total</b>	<b>8,091</b>

Source: Copies of the legal letters provided by Management

Based on the above, no further adjustments to the NBV of trade receivables were considered necessary. We have assumed that the NBV of the trade receivables approximates its Market Value.



## SUMMATION METHOD

### 2. Advance payments

- Advance payments included the deposit of RMB28.0 million to Beijing Chonglee Machinery Engineering Co. Ltd (北京中融利机公司, "BCME") in 2015 for the construction of a production line. Subsequently, due to the challenging economic factors, the Companies have decided not to proceed with the installation.
- We understand from Management that the Companies has managed to recover RMB40k out of the total the deposit of RMB28.0 million. During the site visit, we were provided with a receipt amounting to RMB40k. Please refer to page 45, *Appendix 4 – Documents Provided During the Site Visit* for the copy of the receipt for RMB40k provided by Management.
- Management has sought legal opinion on the recovery of the deposit. The opinion of the solicitors is that the Companies have not fulfilled its obligations of the contract signed with BCME and the deposit is unlikely to be recovered.
- As the RMB40k had already been paid and the remaining balance of the deposit is unlikely to be recoverable, the Market Value of advance payments is estimated to be nil.

### 3. Property, plant & equipment (PP&E)

- The PP&E held by the Group consisted mainly of (a) plant and machinery; and (b) leasehold buildings. The PP&E are located at Western Section, Qingmeng Zone, Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC.
- **Plant and Machinery:** As at Valuation Date, NBV of the PP&E amounted to RMB821.8k, net of impairment loss of RMB100.5 million. The impairment of RMB100.5 million was determined by Management based on a review of the recoverable amount of the PP&E due to indicators for impairment in light of the state of the business. The recoverable amount of the plant and equipment has been determined on the basis of their fair value less cost to sell.
- We have considered the following factors:
  - Physical deterioration is the loss in value or usefulness of the subject assets or properties due to wear and tear, exposure to various elements, physical stresses, the passage of time and similar factors. During our site visit on 12 October 2018, we observed that most of the machinery and equipment appeared to be disused and not in operational condition. The machinery appeared to have no proper maintenance for a significant period of time.
  - Functional obsolescence is the loss in value or usefulness of the subject assets or properties caused by inefficiencies or inadequacies of the asset itself, when compared to a more efficient replacement asset that new technology has developed. We understand from Management that, due to the rapid innovation in the comparable production equipment, the existing equipment has low production efficiency, high energy consumption and requires high labor costs comparing to the new machines.
  - Economic obsolescence is the loss in value caused by factors external to the asset. These factors include increased cost of raw material, labour or utilities without an offsetting increase in product price, reduced demand for the product, increased competition, environmental, regulations or similar factors. As discussed in the previous sections, the industry outlook for the textile and footwear in China is bleak and with no signs of recovery in the near future.
- As physical deterioration, functional obsolescence and economic obsolescence are all considered to be high, the Market Value of the machinery and equipment is considered to be immaterial. As such, we have not made any further adjustments to the NBV of plant and machinery.
- Please refer to *Appendix 3 – Pictures Taken During the Site Visit* for pictures of the plant and machinery.

## SUMMATION METHOD

- **Leasehold buildings:** The total cost for leasehold buildings amounted to RMB80.3 million as at 31 December 2017. The entire amount has been written off, resulting in NBV of zero, on the basis that:
  - the business is loss-making and has been discontinued;
  - some of the buildings have been constructed without the necessary permits; and
  - these buildings are located on non-transferable land and hence, cannot be sold.
- Please refer to the table below for a summary of the leasehold buildings.

Leasehold buildings				Area (m2)	Remark
No	Building	Number of floors			
<b>Zhihe Technology (land lot no. A-09 and A-10(B)):</b>					
1	Dormitory	5	6,983.46	Building cannot be sold separately	
2	Building A	4	16,463.33	Building cannot be sold separately	
3	Building B	1	3,905.83	Building cannot be sold separately	
4	Building C	1	2,157.86	Building cannot be sold separately	
5	Building D	1	1,540.00	Temporary building. No certificate	
6	Building E	1	1,062.60	Temporary building. No certificate	
7	Building F	1	943.00	Temporary building. No certificate	
8	Building G	1	960.00	Temporary building. No certificate	
<b>Yixiang (land lot no. A-11(G)):</b>					
1	Office	6	7,397.00	No construction permit	
2	Factory #1	1	2,432.70	No construction permit	
3	Factory #2	3	9,190.72	No construction permit	

Source: Management

- **Lack of building ownership certificates:** We have made reference to the IPO Prospectus of Ziwo Holdings in 2009, which also stated that Ziwo Holdings have not obtained building ownership certificates for buildings D, E, F and G which housed the trimming, cutting and warehouse facilities.
- Based on the information obtained from the site visit, in accordance to the consultation with the local authorities, the temporary buildings D, E, F and G as well as the office building and factory building #1 and #2 were not reconstructed to permanent buildings as instructed by the government bodies and hence can neither be granted with title certificates nor be sold. Moreover, as all the properties are on the same piece of land, those properties with ownership certificate cannot be traded separately.
- **Buildings generally observed to be in poor physical condition:** Based on the observations from the site visit on 12 October 2018, the buildings' surface shows certain level of corrosion, water leakage and partial defects.
- The outer surface of the factory building #2 shows uneven settlement and minor cracks on the outer wall. A large reversal incline derange slope was formed between the outer surface and the factory #2, which may affect the use of the plant to a certain extent and could inevitably affect the overall performance and structural safety of the plant in the future. Factory #1's roof shows signs of leakage due to rust.
- The truss of the parking shed on the side of the building G had obvious deformation. Building B has vertical cracks on the outer wall of the steel-concrete structure, which may be caused by uneven settlement. Some of the walls have water seepage.
- The wall of the dormitory building (steel-concrete structure) is partially deformed by a past car crash incident. There is a hole under the window of an external wall, which Management explained it to be a result of an interrupted renovation. There were several windows broken, and the exterior walls had begun to peel with some fine cracks.
- Please refer to *Appendix 3 – Pictures Taken During the Site Visit* for more information.
- Based on the above-mentioned factors, no adjustment were considered necessary for the leasehold buildings. The NBV of zero of the leasehold buildings were taken to approximate its Market Value.

## SUMMATION METHOD

### 4. Land Use Right

- Land use rights relates to the rights over certain plots of land located at Western Section of Qingmeng Zone Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC.

Land Use Rights					
Description	Held by	Area (sqm)	Cost (RMB'000)	NBV (RMB'000)	
1	Lot no. A-09 and A-10(B)	Zhihe Technology	31,028.50	6,709	-
2	Lot no. C-09C-2	Zhihe Technology	18,439.30	15,881	-
3	Lot no. A-11(C)	Yixiang	14,634.80	4,000	-
<b>Total</b>			<b>64,102.60</b>	<b>26,590</b>	-

Source: Management

All the land lots located at Western Section of Qingmeng Zone Economy and Technology Development Zone, Quanzhou City, Fujian Province, the PRC

- As set out in the table above, the NBV of the land use rights was written down to zero in FY2017 based on a valuation report dated October 2017 by a licensed property valuation firm (the "Property Valuation Report"). Based on the Property Valuation Report, the above land plots have no commercial value due to:
  - Four temporary buildings of the property have not been rebuilt in accordance with the construction work plan within the required time. These buildings will not be granted Building Ownership Certificates.
  - The local government stated that the permitted use for the land parcel is for industrial development and cannot be transferred by any ways which will cause change of land usage.
  - The properties owned by Ziwo is limited to freely transfer due to lack of properties title registration and the restrictions of the relevant policies and land usage in industrial nature.
- Subsequently in 2017, the Land and Resources Bureau of Fujian Province, Quanzhou City issued a final notice to the Ziwo Group, notifying that it no longer has the rights to use the parcel of the land (lot C-09C-2) as it has been left idle for more than two years. In December 2017, the Land and Resources Bureau of Fujian Province, Quanzhou City confirmed that the land use rights are not transferrable as stated in the original contracts.

- We have performed a site visit on 12 October 2018 and have requested for the relevant ownership certificates and copies of the confirmation letter and investigation notice in relation to idle land lot no. C-09C-2. Please refer to Appendix 4 for more information on the ownership certificates provided to us.
- Based on the above, the Market Value of the Land Use Right is estimated to be zero.

### 5. Due to related parties

- As at Valuation Date, there is a total amount of RMB48.88 million due from the Ziwo Group to related parties as shown below.

Due to related parties		(RMB '000)
1	BM Mobility	48,860
2	Estar	22
<b>Total</b>		<b>48,882</b>

Source: Management accounts

- We understand from the Management that the purpose of these loans was to support the operations of Ziwo Group. However, due to the poor financial performance by Ziwo Group, the amount is considered unrecoverable. As such, Management has written off the amount owing to BM Mobility of RMB48.86 million, resulting in NBV of RMB22k. We have not made any adjustment to the NBV of the amount due to related party as the RMB48.86 million is not expected to be paid and the RMB22k is considered to be immaterial.
- 6. Other payables**
  - Other payables amounted to approximately RMB20.4 million as at Valuation Date. We understand from Management that this amount mainly comprised personal advances from the previous director and provisions for retrenchment of staff.
  - These amounts are due to unrelated parties and the Management has no control over whether these parties will continue to pursue the payment. Hence, no adjustment to other payables was considered necessary.

## SUMMATION METHOD

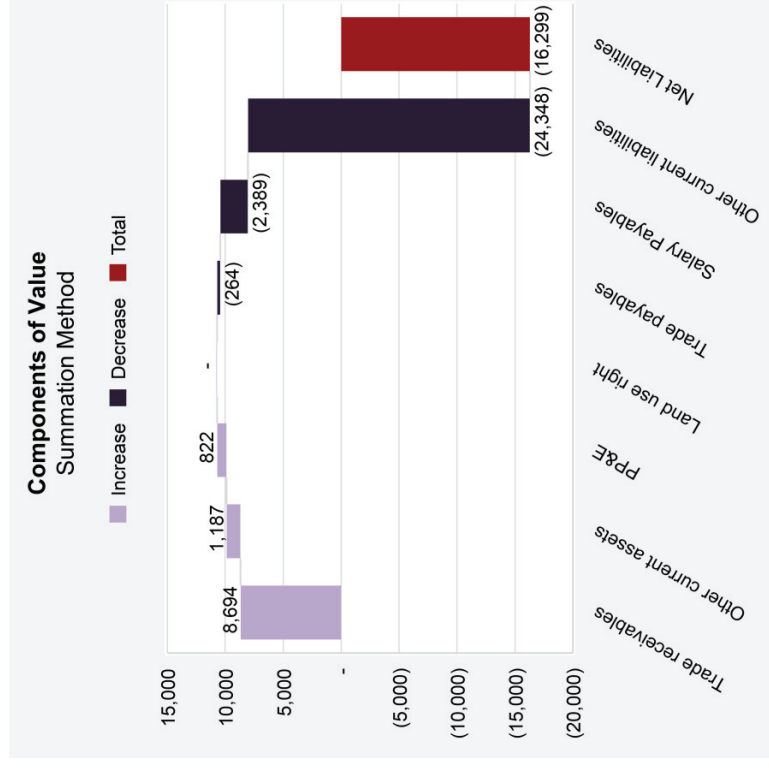
### CONCLUSION

- Based on the above analyses and assumptions, the total Market Value of the assets is approximately RMB10.7 million, which is lower than the total Market Value of the liabilities of RMB27.0 million.

SUMMATION METHOD (RMB'000)	30-Sep-18
Trade receivables	8,694
Other current assets	1,187
PP&E	822
Land use right	-
<b>Total assets</b>	<b>10,703</b>
Trade payables	(264)
Salary Payables	(2,389)
Other current liabilities	(24,348)
<b>Net Liabilities</b>	<b>(16,299)</b>

Source: Management and Mazars' computations

- As the resulting Market Value of the net assets is lower than zero, the Market Value of the 100% equity interest in Ziwo Group is computed to be nil via summation method.



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## SCOPE OF WORK

### AGREED SCOPE OF WORK

- Our scope of work for this engagement as set out in the engagement letter dated 20 September 2018 (Ref: BMM.B002) is as follows:
  - **Stage 1: Preparation and Identification**
  - To provide a list of documents and information required (depending on the circumstances, subsequent rounds of tracing documents and information might be required).
  - To review any related documents (shareholder agreements, due diligence report, market research report, etc) and historical financial statements.
  - **Stage 2: Execution**
  - To identify and discuss with Management on the appropriate valuation methodology;
  - To perform valuation of the Companies based on Cost Approach only;
  - To perform a site visit to the factory owned by Zhihe Technology and observe the operating conditions of the factory and the machinery;
  - To liaise with Management to address any queries on the valuation methodology and conclusions.
  - **Stage 3: Documentation and Report**
  - To prepare the valuation report, detailing our investigations, assumptions, analysis and findings in arriving at our opinion of value.
  - To liaise with Management to address any queries before finalising the valuation report.

### EXCLUSIONS

- For the avoidance of doubts, our scope of work do not include:
  - Preparation of any financial forecasts or proforma financial statements;
  - Assessment of the reasonableness of any financial forecasts or the feasibility of the business plan;
  - Giving an opinion on the merits of any proposed transactions and the fairness of the contemplated terms thereof;
  - Valuation of the Property, Plant and Equipment ("PP&E"). Whenever required, we will assume that the Net Book Value of the PP&E represents the Market Value. If we are required to perform independent valuation of the PP&E, we reserve the right to revise our fees;
  - Auditing, reviewing or verification of the information to be provided to us during the course of the engagement;
  - Reconciliation of financial statements or management accounts prepared in accordance with local accounting standards to IFRS.
  - Our procedures and enquiries do not constitute an audit in accordance with the auditing standards generally accepted. Therefore, we do not express any opinions on the financial statements of the Company and the related entities.
  - Our scope of work does not require us to provide any advice on legal, regulatory, accounting or tax matters.
  - Determination of any deviations from the applicable accounting standards, or of any misrepresentations, fraud, other errors or irregularities; and
  - Mazars is not required to furnish additional work or services, or to give testimony, or be in attendance in court with reference to this assignment, or to update the valuation report, the analysis, the conclusions or other documents relating to our services for any events or circumstances, unless arrangements acceptable to Mazars have been separately agreed with the Client.



## PROFESSIONAL LIMITATIONS AND CONDITIONS

### PROFESSIONAL LIMITATIONS AND CONDITIONS

- This report has been prepared subject to the Assumptions and Limiting Conditions as set out in Appendix 1 of our engagement letter (reference number: BMM.B002) dated 20 September 2018 as well as the following assumptions and limiting conditions:
- Our valuation work has been conducted in accordance with the requirements of IVS 2017. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.
- Financial statements and other related information provided by the Client, the Company or their representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. The accuracy of such information is the sole responsibility of the Client and the Company. Our conclusion of value is conditional upon the completeness, accuracy and fair presentation of the information from Management.
- Our valuation analysis is based on the assumptions and inputs provided by the Management. In accordance with the requirements of IVS 200, paragraph 100.1, we have taken reasonable efforts to assess the reasonableness of the significant assumptions and inputs. However, we do not provide any assurance on the achievability of the financial forecasts. The responsibility of achieving the forecasts remains the sole responsibility of the Management.
- Our valuation report does not constitute any opinion concerning the merits of any potential acquisition or investment and the fairness of the contemplated terms thereof. The decision to proceed with any acquisition, investment or divestment or otherwise based on the information contained in this report belongs entirely to the Client. We assume no responsibility or liability for any loss suffered by any party as a result of their reliance on information contained in this report.
- Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information. We assume no responsibility for the accuracy and the reasonableness of such information.

- Possession of our report, or a copy, does not carry with it the right of publication. No publication of our report or any portion thereof shall be made without the expressed written consent of Mazars.
- Should the Client or the Company provide copies of or the right to review our report to others, it shall do so only with the written consent of Mazars and only if the Client first advise such recipients of our report that while Mazars' report is performed at the request of the Client, it is prepared independently on a non-advocacy basis. Mazars expressly disclaims any representation or warranty whatsoever and any duty it may otherwise have to any such third party. Nothing in our report is intended to replace any third party's independent sole judgement, due diligence, or decision to seek legal, accounting, or valuation counsel.
- The preparation of the valuation report and its conclusion are complex processes and it is not amenable to partial analysis or summary description. The analyses in this report must be considered as a whole and that selecting portions of its analyses or the factors considered by Mazars, without considering all factors and analyses together, could create an incomplete view of the process and analyses underlying the valuation and the conclusion. The analyses summarised in this report include information presented in tabular format. To understand the analyses completed by Mazars, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses.

### DISCLAIMER OF POST DATE EVENTS

- We have submitted a draft report to the management prior to finalisation of this report. This report is issued on the understanding that Management has drawn our attention to all matters of which they are aware that may have an impact up to the date of this report.
- Our conclusion is based upon prevailing market, economic, industry, monetary and other conditions and information made available to us as of the date of the valuation report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion to reflect events or developments subsequent to the issue of our final report.

## INDEPENDENCE

### INDEPENDENCE

- We confirm that Mazars, its partners, directors or employees, subcontractors, if any are independent of and unconnected with any directors, chief executive, substantial shareholders of the Client, Company or their respective associates.
- We confirm that we have no present or contemplated interest in the assets which are the subject of this valuation and are acting independent of all parties. Our fees are agreed on a lump sum basis and are not contingent on the outcome.

### CONFLICT OF INTEREST

- We confirm that we are not currently acting for any parties nor engaged in any work which might give rise to a conflict of interest.



## SOURCES OF INFORMATION

### INFORMATION FROM MANAGEMENT

- Ziwo Group Organisation chart as at 30 September 2018.
- Consolidated management accounts of the Ziwo Group as at 30 September 2018.
- Audited financial statements of Ziwo Holdings Ltd from FY2013 to FY2017.
- Various announcements and responses to SGX queries from 2015 to 2018.
- Trade receivable aging schedule of Zhihe Technology as at 30 September 2018.
- Property valuation report dated 8 May 2018 in relation to the land and building held by Ziwo Group.
- Circular to the shareholders dated 11 December 2017 in relation to the diversification of the core business of Ziwo Holdings.
- Ziwo Holdings' IPO Prospectus dated 30 September 2009.
- Various property and land ownership certificates in relation to the land and building held by Ziwo Group.
- Notices and confirmations from the local government authority to Ziwo Group in relation to the land and building held by Ziwo Group.
- Email correspondences and representations made by Management during the course of our work.

### DISCUSSION WITH THE FOLLOWING PERSONS

- Mr. Wilson Chua, General Manager for Finance and Admin, BM Mobility;
- Mr. Simon Koo, Executive Chairman, BM Mobility; and
- Mr. Wang Jianhong, Procurement Manager, Zhihe Technology.

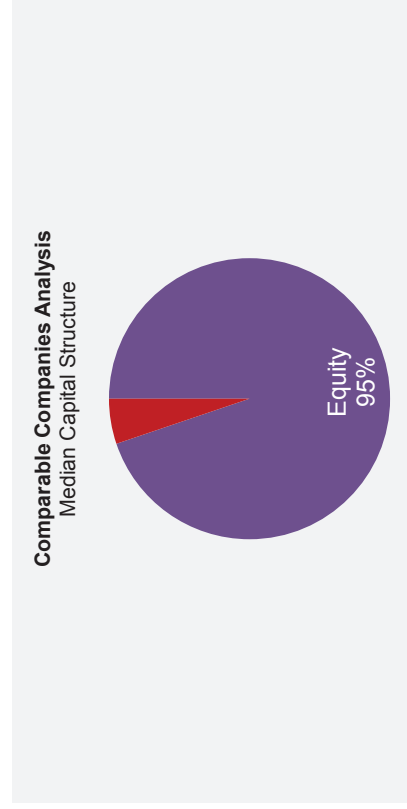
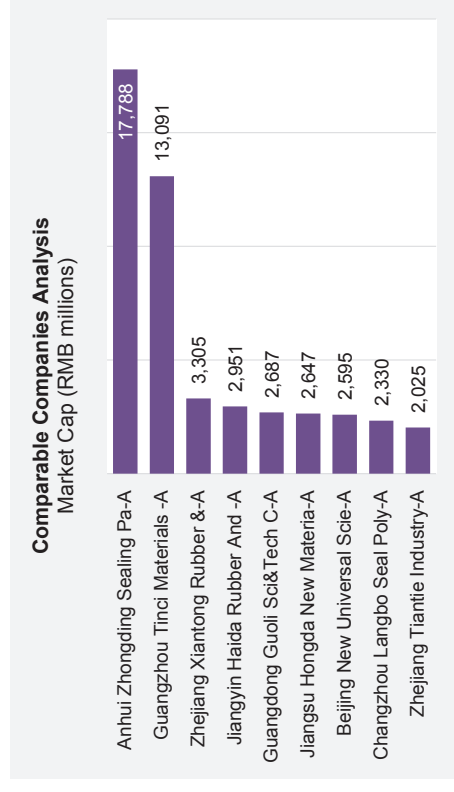
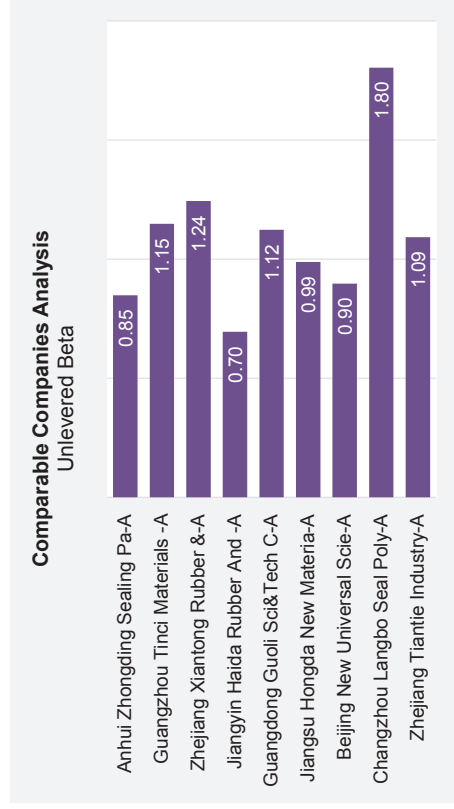
### INFORMATION FROM OTHER SOURCES

- Statistics on China manufacturing sector output, labour force and wages from National Bureau of Statistics of China.
- China historical and forecasted GDP growth rate from IMF World Economic Outlook, April 2018.
- Statistics on US imports from China (2008 – 2017), from The U.S. Census Bureau.
- Estimated manufacturing cost per hour for China, Thailand, Malaysia, Vietnam, India and Indonesia from the Economist Intelligence Unit.
- Age pyramid for China, Vietnam, Indonesia and Malaysia from [www.populationpyramid.net](http://www.populationpyramid.net).
- EIU, Share of Younger Population (15-39 years) in Total Population, Share of Older Population (65+ years) in Total Population, <http://www.eiu.com>.
- "Adidas Sees Ongoing Sourcing Shift from China to Vietnam." *Reuters*, 9 May 18, [www.reuters.com/article/us-adidas-trade/adidas-sees-ongoing-sourcing-shift-from-china-to-vietnam-idUSKBN1IA1DA](http://www.reuters.com/article/us-adidas-trade/adidas-sees-ongoing-sourcing-shift-from-china-to-vietnam-idUSKBN1IA1DA).
- "To See How Asia's Manufacturing Map Is Being Redrawn, Look at Nike and Adidas." *Quartz*, 10 May 2018, [www.qz.com/1274044/nike-and-adidas-are-steadily-ditching-china-for-vietnam-to-make-their-sneakers/](http://www.qz.com/1274044/nike-and-adidas-are-steadily-ditching-china-for-vietnam-to-make-their-sneakers/)
- "Trade War Casualties: Factories Shifting Out Of China." *Forbes*, *Forbes Magazine*, 31 July 2018, [www.forbes.com/sites/kenrapoza/2018/07/30/trade-war-casualties-factories-shifting-out-of-china/#156f2c2f103e](http://www.forbes.com/sites/kenrapoza/2018/07/30/trade-war-casualties-factories-shifting-out-of-china/#156f2c2f103e).
- "Chinese Companies Flee Overseas to Avoid US Tariffs." *Channel NewsAsia*, 11 Sept. 2018, [www.channelnewsasia.com/news/business/chinese-companies-flee-overseas-to-avoid-us-tariffs-10704586](http://www.channelnewsasia.com/news/business/chinese-companies-flee-overseas-to-avoid-us-tariffs-10704586).
- Information on comparable companies' beta, market capitalisation and share price from Bloomberg LP.

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## LISTED COMPARABLE COMPANIES



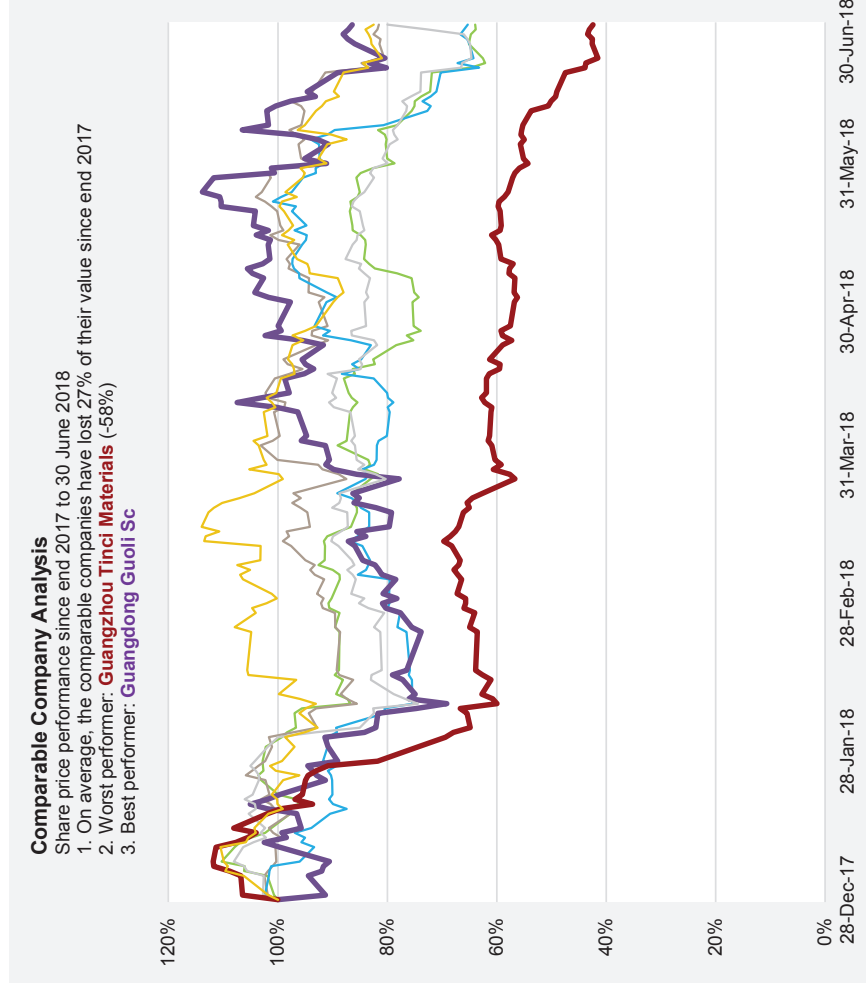
Source: Bloomberg

## LISTED COMPARABLE COMPANIES

COMPARABLE COMPANY ANALYSIS						
Name	Ticker	Business Description	Market Cap (CNY 'm)	Adjusted Beta	D/E (%)	Unlevered Beta
Anhui Zhongding Sealing Pa-A	000887 CH EQUITY	Anhui Zhongding Sealing Parts Co., Ltd. produces and sells rubber sealing parts, special rubber products, and compounded rubber. The Company's products are used in automobiles, engineering machineries, petrochemical industry, ships and railways, aerospace and military affairs.	17,788	1.03	26%	0.85
Guangzhou Tinci Materials -A	002709 CH EQUITY	Guangzhou Tinci Materials Technology Company Limited develops, manufactures and sells fine chemicals and new materials. The Company's main products include personal care materials, lithium-ion battery materials, and organic silicon rubber materials.	13,091	1.20	5%	1.15
Zhejiang Xiantong Rubber & -A	603239 CH EQUITY	Zhejiang Xiantong Rubber & Plastic Co., Ltd. manufactures rubber products. The Company produces and markets automobile sealing strips, rolling forging parts, and accessories. Zhejiang Xiantong Rubber & Plastic serves customers globally.	3,305	1.24	0%	1.24
Jiangyin Haida Rubber And -A	300320 CH EQUITY	Jiangyin Haida Rubber and Plastic Company Limited develops, produces and sells rubber parts. The Company's main products include rubber seals and rubber parts, mainly used in areas such as rail transportation, construction, automotive and shipping.	2,951	0.83	23%	0.70
Guangdong Guoli Sci&Tech C-A	300716 CH EQUITY	Guangdong Guoli Sci & Tech Co., Ltd. manufactures engineering polymer materials. The Company produces and sells ethylene vinyl acetate, thermo plastic rubber products, recycled modified plastics, and other related chemical materials. Guangdong Guoli Sci & Tech markets its products worldwide.	2,687	1.12	0%	1.12
Jiangsu Hongda New Materia-A	002211 CH EQUITY	Jiangsu Hongda New Material Company Ltd. manufactures silicon rubber. The Company's silicon can be used for molding and extrusion, and is most often used for insulated wires, rollers, flame retardant wires, sealants, cables, swimming caps, gaskets, and baby feeding nipples.	2,647	1.11	15%	0.99
Beijing New Universal Scie-A	300472 CH EQUITY	Beijing New Universal Science and Technology Co Ltd is specially engaged in mixing center with completed set program automation equipment and information technology in the tire rubber industry.	2,595	0.94	6%	0.90
Changzhou Langbo Seal Poly-A	603655 CH EQUITY	Changzhou Langbo Seal Polytron Technologies Co., Ltd. manufactures rubber products. The Company designs, produces, and sells rubber seals and rubber products used in automotive air conditioning, power, braking and other core systems. Changzhou Langbo Seal Polytron Technologies markets its products throughout China.	2,330	1.80	0%	1.80
Zhejiang Tiantie Industry-A	300587 CH EQUITY	Zhejiang Tiantie Industry Co., Ltd. provides engineering rubber products. The Company manufactures and sells industrial rubber goods, rubberized fabrics, and other rubber products. Zhejiang Tiantie Industry serves customers in China.	2,025	1.09	0%	1.09
<i>Source: Bloomberg &amp; Mazars' computation</i>						
			Max	26%	1.80	
			Median	0.05	1.09	
			Average	8%	1.09	
			Min	0%	0.70	



## SHARE PRICE



Source: Bloomberg.



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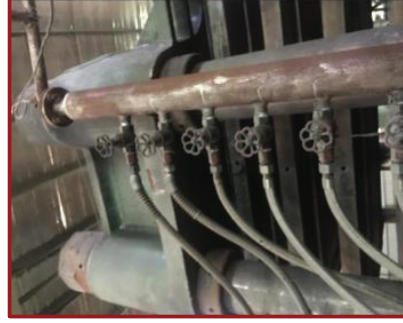
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## PICTURES TAKEN DURING THE SITE VISIT - MACHINERY



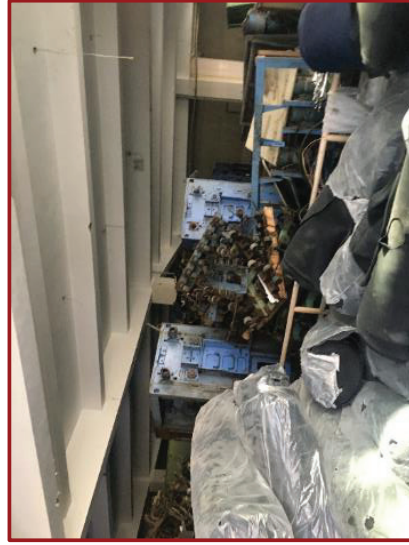
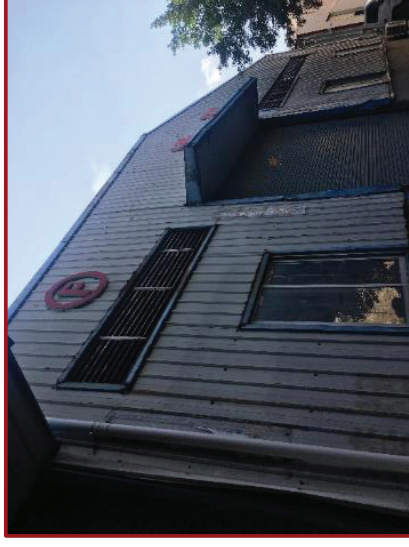


## PICTURES TAKEN DURING THE SITE VISIT - MACHINERY

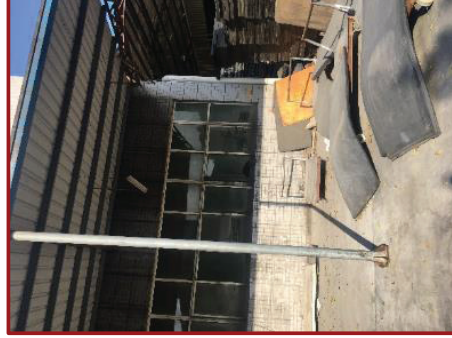




## PICTURES TAKEN DURING THE SITE VISIT - PROPERTY



## PICTURES TAKEN DURING THE SITE VISIT - PROPERTY





## PICTURES TAKEN DURING THE SITE VISIT - PROPERTY





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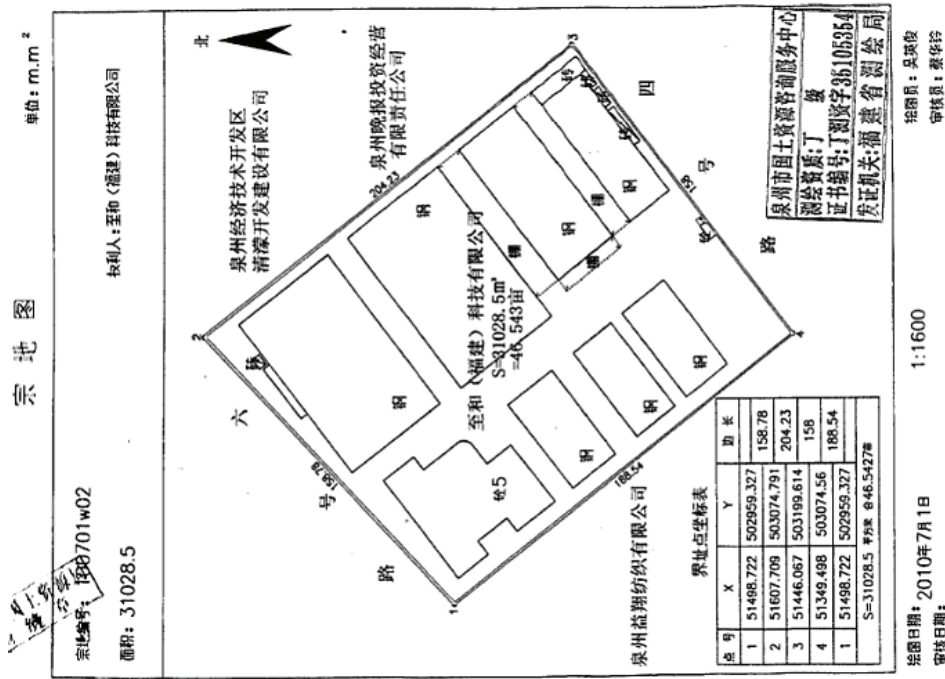
## DOCUMENTS PROVIDED DURING THE SITE VISIT

Copy of the land ownership certificate for lot no. A-09 and A-10(B), 31,028.5 square metres

泉州国用(2010)第10099号					
土地使用权人	至和(福建)科技有限公司				
座落	泉州经济技术开发区嵩溪路A-09、A-10(B)				
地号	10/99/00240图号	取得价格	经营		
地类(用途)	工业用地	取得日期	经营		
使用权类型	出让	终止日期	2054-10-20		
使用权面积	31028.50M <sup>2</sup>	其中	独用面积	31028.50M <sup>2</sup>	空白M <sup>2</sup>
			分摊面积		

根据《中华人民共和国宪法》、《中华人民共和国土地管理法》和《中华人民共和国城市房地产管理法》等法律法规，为保护土地使用权人的合法权益，对土地使用权人申请登记的本证所列土地权利，经审查核实，准予登记，颁发此证。

泉州市人民政府(章)  
2010年07月16日

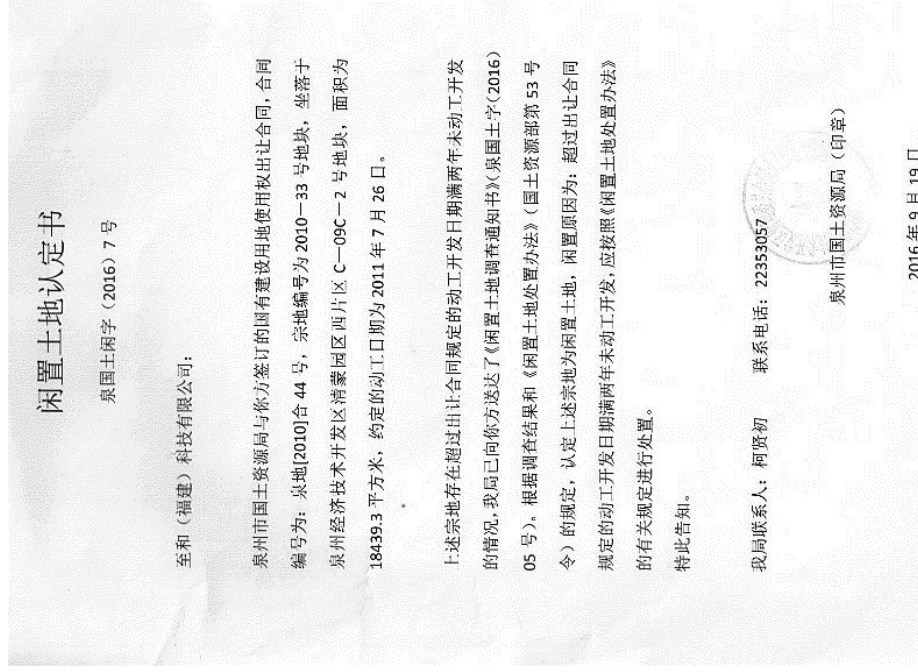






## DOCUMENTS PROVIDED DURING THE SITE VISIT

Copy of the confirmation document for idle land lot no. C-09C-2, 18,439.3 square metres

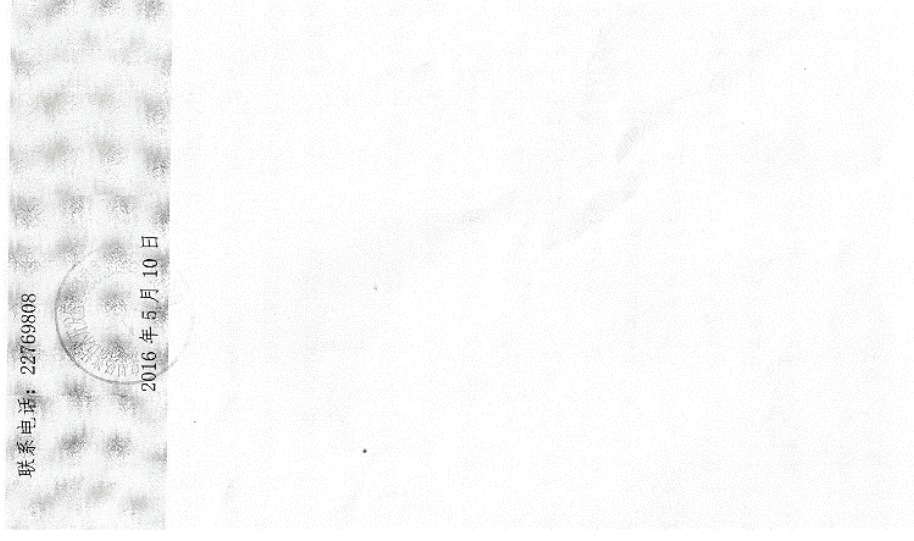


## DOCUMENTS PROVIDED DURING THE SITE VISIT

Copy of the investigation notice for idle land lot no. C-09C-2, 18,439.3 square metres

**泉州市国土资源局**  
**闲置土地调查通知书**  
泉州土资调字〔2016〕第05号  
至和（福建）科技有限公司、：  
泉州市国土资源局与你方签订的国有建设用地使用权出让合同，合同编号为：泉地〔2010〕合44号，宗地编号为2010-33号地块，坐落于泉州经济技术开发区清蒙园区西片区C-09C-2号地块，面积为18439.3平方米，约定的动工日期为2011年7月26日，竣工日期2012年10月26日前。  
根据《闲置土地处置办法》（国土资源部第53号令）第二条“本办法所称闲置土地，是指国有建设用地使用权人超过国有建设用地使用权有偿使用合同或者划拨决定书约定、规定的动工开发日期满一年未动工开发的国有建设用地。已动工开发但开发建设用地面积占应动工开发建设用地总面积不足三分之一或者已投资额占总投资额不足百分之二十五，中止开发建设满一年的国有建设用地，也可以认定为闲置土地。”之规定，该宗土地涉嫌构成闲置土地。  
根据《闲置土地处置办法》（国土资源部第53号令）第四条之规定，我局依法对上述宗地进行调查，请你方接受调查，自本通知书送达之日起30日内，向我局提供以下资料：  
1、企业法人营业执照副本复印件；

2、单位法定代表人身份证明书、法定代表人身份证复印件，委托他人接受调查的需提供授权委托书和委托双方的身份证复印件；  
3、国有土地使用权出让合同复印件、国土部门批准转让文件；  
4、建设工程规划许可证、建筑工程施工许可证复印件；  
5、工程开工报告复印件；  
6、国有土地使用证复印件；  
7、建设现状六寸照片2张（远、近景各1）；  
8、总平面布置图；  
9、宗地建设项目进展情况说明；  
10、贵单位提供的该宗土地是否闲置的原因说明及佐证材料。  
以上需提供复印件资料均需加盖单位公章。  
你单位应对上述材料的真实性负责，本调查将作为闲置土地认定的重要依据。逾期不提供上述材料，我局将根据其他调查材料进行闲置土地认定。  
特此通知。  
限你公司自公告之日起60日内到泉州市国土资源局领取《闲置土地调查通知书》，逾期则视为送达。  
联系人：泉州市国土资源局执法监察大队 何伟





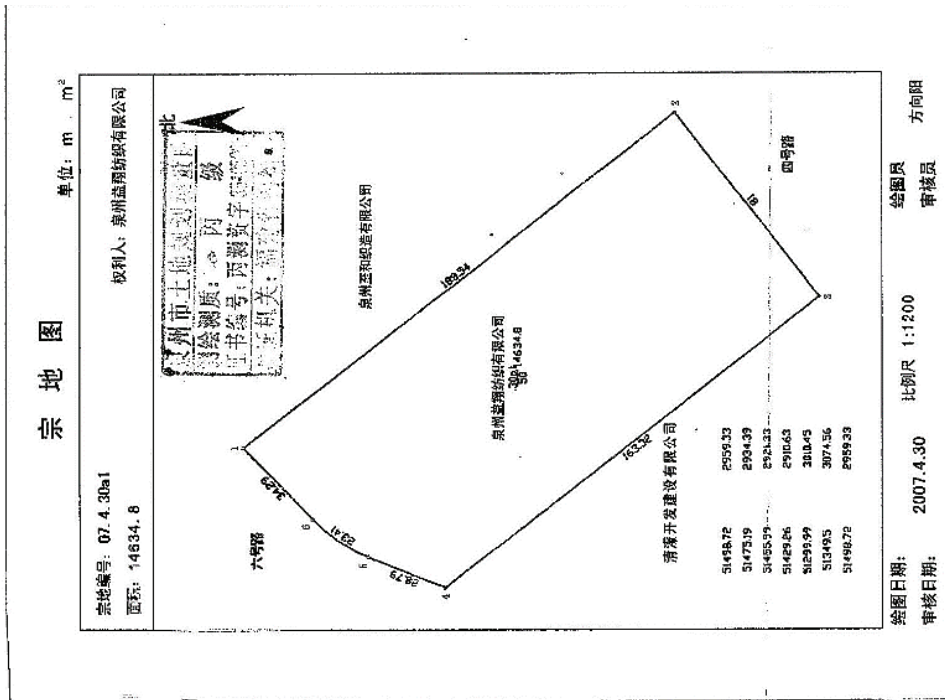
## DOCUMENTS PROVIDED DURING THE SITE VISIT

Copy of land ownership certificate for lot no. A-11(C), 14,634.8 square metres

泉国用(2008)第100142号			
土地使用权人	泉州益翔纺织有限公司		
座落	泉州经济技术开发区清濛园区西片A-11(C)号地块		
地号	空白	图号	空白
地类(用途)	工业	取得价格	空白
使用权类型	出让	终止日期	2057-6-30
使用权面积	14634.80 M <sup>2</sup>	其中	视用面积
			14634.80 M <sup>2</sup>
		分摊面积	空白

根据《中华人民共和国宪法》、《中华人民共和国土地管理法》和《中华人民共和国城市房地产管理法》等法律法规，为保护土地使用权人的合法权益，对土地使用权人申请登记的本证所列土地权利，经审查核实，准予登记，颁发此证。

2008年 07月 29日  
泉州经济技术开发区政府(章)



## DOCUMENTS PROVIDED DURING THE SITE VISIT

Property ownership certificate, building A, 16,463.33 square metres


房权证 字第 号	
房屋所有权人	至和 (福建) 科技有限公司
共有情况	
房屋坐落	经济技术开发区海沧园片区A05, A-10 (E) 地块厂房A整幢
登记时间	2010-06-10
房屋性质	
规划用途	厂房
房屋状况	总建筑面积 (m <sup>2</sup> )
	套内建筑面积 (m <sup>2</sup> ) 其他
总层数	4
建筑面积 (m <sup>2</sup> )	16463.33
土地状况	土地取得方式
土地使用年限	至 止

附 记
房屋代码: 199241 受理编号: 2010030768

厦门市国土资源与房产管理局  
填发单位(盖章)







## DOCUMENTS PROVIDED DURING THE SITE VISIT

Property ownership certificate, building C, 2,157.86 square metres

**泉 房权证 开(开) 字第 201006915 号**

房屋所有权人	至和(福建)科技有限公司		
共有情况			
房屋坐落	经济技术开发区清溪园西区A-09, A-10 (B) 地块厂房C幢		
登记时间	2010 06 10		
房屋性质	厂房		
规划用途	厂房		
总层数	建筑面积 (m <sup>2</sup> )	套内建筑面积 (m <sup>2</sup> )	其他
	1	2157.86	
房屋状况			
土地状况	土地使用权取得方式	土地使用年限	
		至 止	

附 记

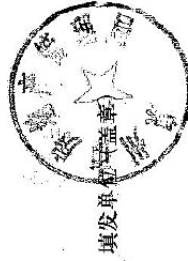
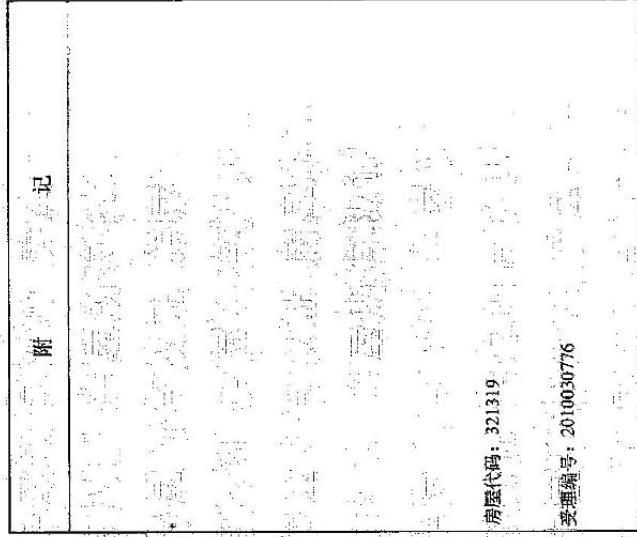
房屋代辦 348426  
受理编号: 2010030780

填发单位 (盖章)

## DOCUMENTS PROVIDED DURING THE SITE VISIT

Property ownership certificate, dormitory building, 6,983.46 square metres

房权证字第 [ ] 号		
房屋所有权人	五和 (福建) 建设工程有限公司	
共有情况		
房屋坐落	经济技术开发区清潭园西区A-09, A-10 (B) 地块宿舍综合楼	
登记时间	2010 06 10	
房屋性质		
规划用途		
房屋状况	总建筑面积 (m <sup>2</sup> )	其他
	建筑面积 (m <sup>2</sup> )	6983.46
土地状况	土地使用取得方式	土地使用年限
		至 止





## DOCUMENTS PROVIDED DURING THE SITE VISIT

Advisory report from local government regarding the conditions for property transaction

### 关于至和（福建）科技有限公司旗下房地产权属

#### 交易条件的咨询

#### 一、房地产现状：

至和（福建）科技有限公司旗下房地产情况如下表所示：

（一期：至和科技）

序号	名称	建筑结构	层数	权属情况	
				面积 (m <sup>2</sup> )	产权证号
1	土地 (地产)	/	/	31028.5	泉国用 (2010) 第 000093 号
2	宿舍楼 (房产)	砖混	5	6983.46	泉房证开 (开) 第 201006913 号
3	A 栋厂房 (房产)	砖混	4	16463.33	泉房证开 (开) 第 201006912 号
4	B 栋厂房 (房产)	砖混	1	31028.5	泉房证开 (开) 第 201006914 号
5	C 栋厂房 (房产)	砖混	1	31028.5	泉房证开 (开) 第 201006915 号
6	D 栋厂房 (房产)	钢结构	1	1540	临时建筑
7	E 栋厂房 (房产)	钢结构	1	1062.6	临时建筑
8	F 栋厂房 (房产)	钢结构	1	943	临时建筑
9	G 栋厂房 (房产)	钢结构	1	960	临时建筑

（二期：益翔纺织）

序号	名称	建筑结构	层数	权属情况	
				面积 (m <sup>2</sup> )	产权证号
1	土地 (地产)	/	/	14634.8	泉国用 (200) 第 100142 号
2	办公综合楼 (房产)	砖混	6	7397	未登记
3	1#厂房 (房产)	砖混	1	2432.7	未登记
4	2#厂房 (房产)	砖混	3	9190.72	未登记

#### 二、交易条件咨询

就上述房地产能否交易的问题，分别咨询了泉州市房地产交易中心、泉州市城乡规划建设局、开发区科技经济发展局、开发区国土资源局，得到的回复整理如下：

#### 1、泉州市房地产交易中心：

满足交易的条件：一是必须有明确的产权登记证明（产权证），二是产权清晰无纠纷，如是地产交易，须符合当地政府的产业规划政策。

#### 2、泉州经济技术开发区国土资源局、科技经济发展局：

①划拨或通过招拍挂获取的开发区地产，土地用途规定为工业性质并列入政府规划，用于工业发展支撑当地经济建设，不得以任何方式进行交易造成资源流失或改变用途。

②在购置土地与国土资源局签订合同时，约定了每亩土地的投资强度和建设年限，并且不得用于交易，超期未完成建设或者未控规划许可建设，国土部门有权无偿收回土地使用权。

#### ③至和旗下房地产存在的问题主要是产权未登记：

（一期：至和科技）：尚有 D、E、F、G 等 4 栋建筑属于过渡性临时建筑，开发区国土部门于 2010 年批复过渡期为一年，期满后必须按照规划条件改建为永久性钢筋混凝土结构建筑，已多次催促按规划尽早建设。至今仍未有按规划改建，不能取得产权证证明，且土地用途定性为工业性质，如改变用途将与开发区总体工业经济布局相违背。

（二期：益翔纺织）：2010 年 10 月，泉州益翔纺织有限公司由至和（福建）科技有限公司收购并办理了工商变更手续，由于总平调整审批手续滞后于工程建设，行政执法局以“未批先建，无规划许可”的理由向泉州市城乡规划建设局提出异议，因此无法办理产权证登记，不能按正常渠道取得产权证证明。

#### 3、泉州市城乡规划建设局：

各种房地产权的取得，必须符合当地政府的发展规划，且必须按照规划条件先办理相关的手续取得许可，工程建设结束后并经验收后才能办理产权证登记证明。至和公司未先办理相关建设审批即开工建设，不符合政策规定，不能给予产权证登记。

#### 三、咨询结论

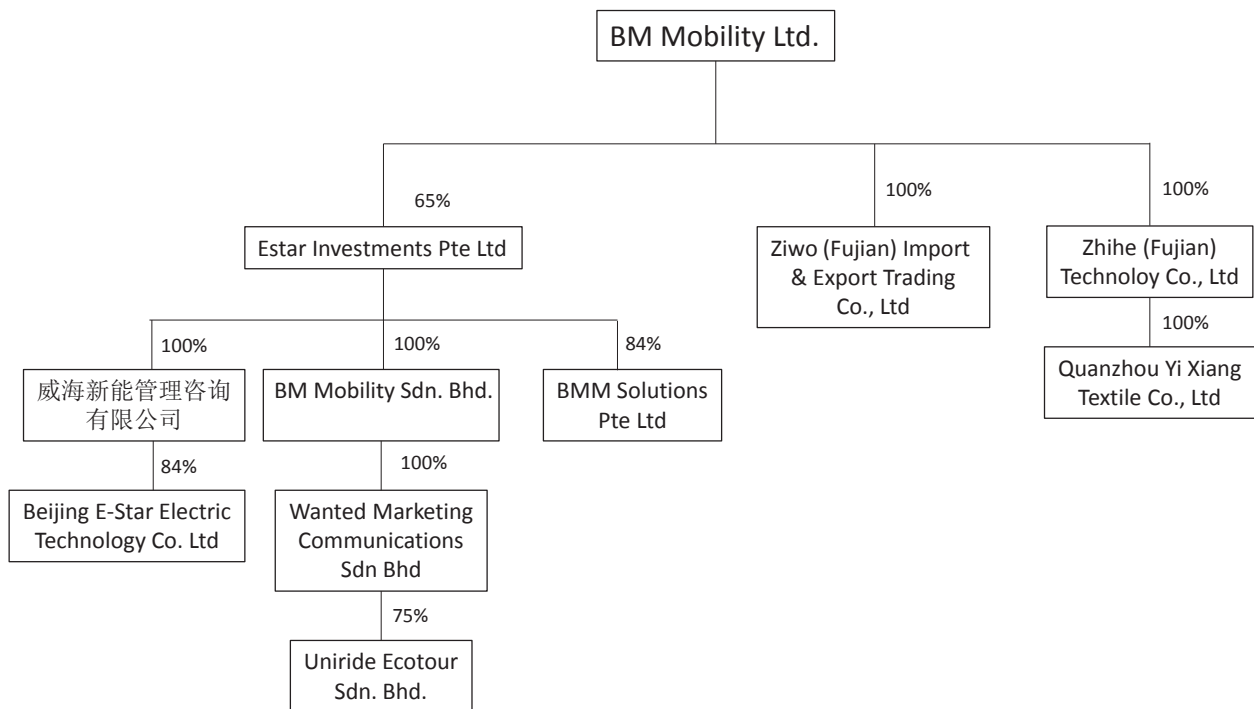
至和（福建）科技有限公司旗下房地产权属受土地工业用途及相关政策的限制，且产权证登记未齐全等原因，不具备交易条件，不能进行交易。



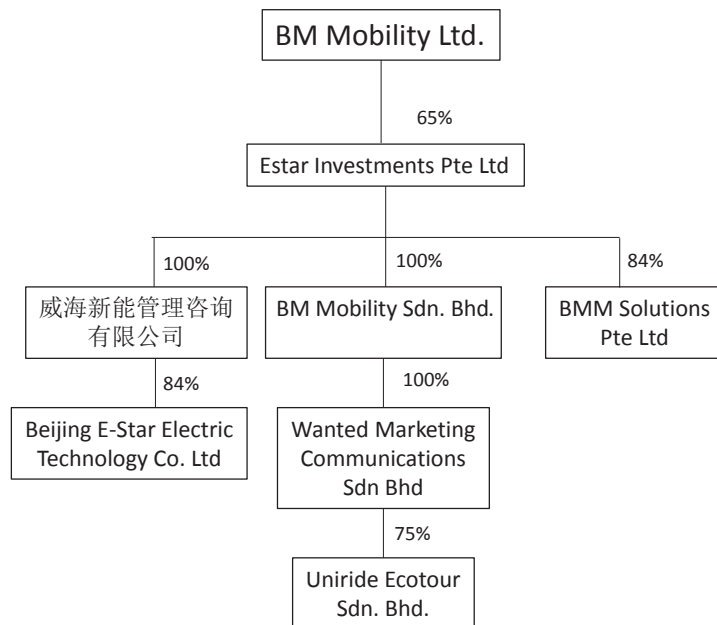
2017 年 12 月 15 日

## APPENDIX B

### Group Structure Before Proposed Disposal



### Group Structure After Proposed Disposal



## NOTICE OF EXTRAORDINARY GENERAL MEETING



### **BM MOBILITY LTD.**

(Incorporated in the Republic of Singapore)  
Company Registration No. 200800853Z

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of BM Mobility Ltd. (the “**Company**”) will be held at 10 Anson Road, #36-05A International Plaza, Singapore 079903, on 29 April 2019 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following Resolution, which will be proposed as an Ordinary Resolution:

All capitalised terms in this notice shall have the same meanings as ascribed to them in the Circular dated 12 April 2019 to Shareholders, unless otherwise defined herein.

#### **ORDINARY RESOLUTION**

#### **APPROVAL FOR THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP CAPITAL OF ZHIHE (FUJIAN) TECHNOLOGY CO., LTD. AND ZIWO (FUJIAN) IMPORT & EXPORT TRADING CO., LTD.**

That:

- (a) approval be and is hereby given for the sale of the entire issued and paid-up share capital in each of the Company’s wholly-owned subsidiaries, Zhihe (Fujian) Technology Co., Ltd. and Ziwo (Fujian) Import & Export Trading Co., Ltd. to Hong Kong Bangwei Investment Limited (香港邦威投资有限公司) in accordance with the terms and conditions of the Agreement entered into between the Company and Hong Kong Bangwei Investment Limited; and
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required under or pursuant to the Agreement) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to this Resolution as they or he may deem fit.

#### **By Order of the Board**

Tay Wee Kwang  
Executive Director and Chief Executive Officer  
12 April 2019

#### **Notes:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting. Where such member’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the Extraordinary General Meeting.



**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# BM MOBILITY LTD.

(Incorporated in the Republic of Singapore)  
(Company registration no. 200800853Z)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We\*, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC / Passport No.)

of \_\_\_\_\_ (Address)

being a member/members\* of BM Mobility Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or\*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her\*, the Chairman of the EGM (defined below), as my/our\* proxy/proxies\* to vote for me/us\* on my/our\* behalf at the Extraordinary General Meeting ("EGM") of BM Mobility Ltd. to be held at 10 Anson Road, #36-05A International Plaza, Singapore 079903 on 29 April 2019 at 2.00 p.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies\* will vote or abstain from voting at his/her\* discretion.

**(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)**

	For	Against
<b>Ordinary Resolution:</b> Approval for the Proposed Disposal.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

<b>Total Number of Shares Held</b>

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

\*Delete where inapplicable



## IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

### NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting ("**EGM**"). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of BM Mobility Ltd..
4. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of BM Mobility Ltd., he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and registered in his/her name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of BM Mobility Ltd. at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time set for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

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Postage  
Stamp

## BM Mobility Ltd.

c/o B.A.C.S. Private Limited  
8 Robinson Road  
#03-00 ASO Building  
Singapore 048544

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7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with BM Mobility Ltd.) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

### GENERAL:

BM Mobility Ltd. shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, BM Mobility Ltd. may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM.

A Depositor shall not be regarded as a member of BM Mobility Ltd. entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.

### PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of BM Mobility Ltd. (i) consents to the collection, use and disclosure of the member's personal data by BM Mobility Ltd. (or its agents) for the purpose of the processing and administration by BM Mobility Ltd. (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for BM Mobility Ltd. (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to BM Mobility Ltd. (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by BM Mobility Ltd. (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify BM Mobility Ltd. in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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