

BM MOBILITY LTD.
(Company Registration No. 200800853Z)
(Incorporated in Singapore)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE FINANCIAL RESULTS ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the “**Board**”) of Ziwo Holdings Ltd. (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) refers to the Results Announcement released on 1 March 2018 (“**Results Announcement**”). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 5 March 2018 (each, a “**SGX Query**”) as follows:

SGX Query:

- a. It is noted that the Company is in a negative equity position of RMB 11.8 million, negative working capital of RMB 17.9 million and has generated negative cash flow from operating activities of RMB 3.7 million. Please provide the following information:
 - i. The Board’s opinion if the Company will be able to operate as a going concern and the basis for the Board’s view; and;
 - ii. The Board’s confirmation that all material disclosures have been provided for the trading of the Company’s shares to continue.

Company’s Response to SGX Query:

The board is of the opinion that Company will be able to operate as a going concern. The Company had on 14 February 2018 completed its rights issue of warrants exercise which raised SGD 2.94 million. The Company does not have any borrowings or debt securities. The funds raised is sufficient for the Company to meet its obligations as and when they fall due. The Company’s outstanding warrants of 935,853,464 when exercised will raise an additional SGD 9.4 million. Pursuant to the placement agreement with Asia Hausse Investments Pte. Ltd., the Company has yet to issue out SGD 3.2 million worth of placement shares.

The Board’s confirms that all material disclosures have been provided for the trading of the Company’s shares to continue.

SGX Query:

- b. It was disclosed that “[t]he Company continues to experience the effects of the persistent slowdown in the manufacturing industry in China”. The Company’s revenue decreased 55.1% to RMB27.5 million and the Company attributed this to the slowdown in demand from customers demand. Please explain how the slowdown in the manufacturing industry has an impact on the demand for fabrics. Please provide a breakdown in terms of sales volume and selling prices in FY2017 in comparison to FY2016.

Company’s Response to SGX Query:

The statement was an assessment by the Company of the general outlook of the business climate and various financial websites have reported that China’s competitiveness is reducing in the textile industry due to rising costs. The Company is faced with competition from cheaper and more varied alternatives, orders for our Company’s products have declined and the situation will continue to deteriorate. In addition, due to the reduction in production volume, the Company is unable to achieve optimal economies of scale, henceforth, the Company is unable to reach the Customer’s desired pricing in a sustainable manner. The sales volume and average selling price as follows:

	FY2017	FY2016	+/-
Volume ('000)	467	844	-55%
Average Selling Price (RMB)	48	58	-17%

SGX Query:

- c. It is noted that “[t]he revenue generated was largely from the clearance of existing finished goods”
- i. Please provide details of the Company’s production activities and whether the plants are still in operation; and
 - ii. Please disclose the capacity utilization of the Company’s plants and machinery.

Company’s Response to SGX Query:

The Company’s plants are still in operation; however, production activities are operating intermittently. The current capacity utilization of the Company’s plants and machinery is approximately 8%.

SGX Query:

- d. Revenue declined from RMB 49.9 million to RMB 22.4 million. Company disclosed that “the revenue generated was largely from the clearance of existing finished goods”. Please provide a breakdown of the material items comprised in the RMB 21.7 million cost of sales.

Company’s Response to SGX Query:

Cost of Sales	Full year 31 December 2017 RMB'000
Cost of goods manufactured (Raw Materials and Packing Material)	15,858,446
Direct Labour	1,454,340
Manufacturing Overheads (electricity and water, Maintenance, Transportation, and Machinery overheads)	4,423,473
Total	21,736,259

SGX Query:

- e. Other operating expenses amounted to RMB 91.8 million in FY2019 and RMB 141.7 million in FY2016. Company disclosed that these are “allowance for impairment of trade receivables, advance payment to supplier for the purchase of new equipment, inventory and machinery”.
- i. Please provide a breakdown and quantify the amounts attributable to each of these material items in each of FY2017 and FY2016;
 - ii. For trade receivables, please disclose the identity of these trade receivables and why such a significant amount has been impaired. To provide a breakdown and quantify the amounts owing by each of these debtors in FY 2017 and FY2016. Please further disclose specific reasons why they are not paying the Company for their purchases from the Company. To also disclose the period when the sales were made and whether the Company is still selling to these customers;
 - iii. To disclose the identities of the suppliers (impaired for FY2017 and FY2016) who received the advance payments for the Company’s purchase of new equipment, the amounts paid to them and when the payments were made;
 - iv. To provide the Audit Committee’s work done and whether they have investigated into the veracity of the payments made, the sales reported and the validity of these transactions;
 - v. To provide the Audit Committee’s views on the veracity of these significant write-offs amounting to RMB233.5 million (RMB91.8 million + RMB141.7 million); and

- vi. To disclose the report and opinions of any third party, engaged to investigate into these transactions. If none were undertaken, the Audit Committee should consider whether such an investigation is necessary. If not, to provide the basis for the Audit Committee's views.

Company's Response to SGX Query:

Other operating expenses	FY2017	FY2016
Allowance for Impairment loss - Trade receivables & Other Receivables	26,857	22,273
Allowance for Impairment loss - Land Use Rights	13,799	34,357
Allowance for Impairment loss - PPE & Building	19,110	75,372
Allowance for Impairment loss - Advance payments to suppliers	28,000	
Allowance for Write-down - Inventories	4,032	1,396
Bad Debts Written off		4,212
Penalty on non-development of land		2,930
Loss on disposal of PPE		1,187
Total	91,798	141,727

Trade Receivables

Company has taken active steps to collect outstanding debts. The Sales Manager and/or General Manager visit the customers frequently to follow up on the payments. Long outstanding debts would be escalated to CEO's attention and he will proceed to discuss and negotiate a payment schedule with the customer or owner directly. If necessary, legal proceedings will be taken to pursue the claims.

Management of the Company is required to update the Board quarterly on the ageing report of trade receivables. Significant long-outstanding debtors are to be reported to the Board and the plans undertaken to recover them.

Audit Committee ("AC") undertakes a rigorous review of the trade receivables quarterly, by monitoring the rate of collection from customers who in particular have large accounts receivables outstanding for some time, and whether they have been making part payments periodically. AC also raised questions where certain accounts receivables have been outstanding for an extended period of time, and whether customers with significant amounts owing are major customers of the Group and if the Group is still supplying goods to them. Management is required to update the AC on the actions taken by the Group on specific debtors, including whether visits have been made to these debtors to chase up on a debt or to ascertain whether they are still carrying on business. Management is also reminded by the AC to step up collection efforts during this downturn and be vigilant if any of its larger customers may be facing financial difficulties.

Trade Receivable Aging RMB'000

1 to 3 Mths	4 to 6 Mths	7-12 Mths	>12 mth
224	-	20,208	48,228

Top 75 customer outstanding above 12 mth

No.	Customer	Outstanding more than 12 Months (RMB)
1	东莞市益路华实业有限公司	2,291,475.00
2	东莞市创扬鞋材有限公司	1,924,999.80
3	中山市煌鑫鞋材有限公司	1,713,436.00
4	东莞市方信实业有限公司	1,656,275.00
5	青岛方鑫嘉诚汽车装饰件有限公司	1,624,252.87
6	福建艾力艾三路鞋业有限公司	1,557,990.00
7	东莞市利盛运动制品有限公司	1,480,831.00
8	龙岩市美诚贸易有限公司	1,416,217.83

9	东莞市永业橡胶制品有限公司	1,351,690.00
10	东莞市德鑫实业投资有限公司	1,309,868.00
11	东莞市贵人实业有限公司	1,309,800.00
12	莆田市鸿盛塑胶有限公司	1,288,580.00
13	大东亚(福建)体育用品有限公司	1,218,084.00
14	东莞市桦腾橡胶制品有限公司	1,170,670.00
15	骆驼(福建)户外用品有限公司	1,142,431.00
16	厦门华闽进出口有限公司	1,080,383.00
17	柳州市方鑫汽车装饰件有限公司	1,049,400.07
18	东莞市黄氏运动用品有限公司	1,047,165.00
19	惠州市富文行手袋制品有限公司	990,760.00
20	厦门祺鸿贸易有限公司	981,458.00
21	厦门泰橡贸易有限公司	949,510.00
22	东莞市永兴橡胶制品有限公司	944,570.00
23	瑞安市康宝鑫鞋材有限公司	900,000.00
24	东莞市鑫威运动用品有限公司	868,368.00
25	东莞市联益体育用品有限公司	833,780.00
26	东莞市棋升鞋材有限公司	745,575.00
27	东莞市港鑫运动器材有限公司	741,254.37
28	东莞市世鑫针织品有限公司	737,481.65
29	晋江市升泰纺织有限公司	716,644.00
30	厦门迈润包装制品有限公司	698,323.00
31	东莞市惠欣运动用品有限公司	688,610.00
32	东莞市金灿运动用品有限公司	653,540.00
33	莆田市明锐鞋业有限公司	633,820.00
34	福建省足友体育用品有限公司	616,700.00
35	晋江市南方信亿鞋材贸易有限公司	600,559.00
36	佛山市南海区浩凯鞋材贴合有限公司	570,492.00
37	东莞市佳豪体育用品有限公司	541,840.00
38	福建省晋江荣恒鞋服有限公司	521,494.00
39	南安市兴华体育器材厂	520,900.00
40	东莞市尚佳橡塑制品有限公司	496,491.00
41	东莞市茶山伟亿橡胶制品厂	494,545.00
42	福建起步儿童用品有限公司	463,320.00
43	无锡世强休闲体育用品有限公司	454,605.00
44	佳泰(福建)实业有限公司	453,460.00
45	东莞市雅欣高分子材料有限公司	440,564.00
46	昆山天明电子材料有限公司	430,000.00
47	厦门市嘉晟对外贸易有限公司	417,707.00
48	东莞市志联运动用品有限公司	408,020.00
49	莆田市恒发鞋材有限公司	406,741.01
50	晋江旭龙织造有限公司	401,134.00
51	七波辉(中国)有限公司	400,100.00

52	温州泰旺鞋材有限公司	383,160.00
53	福建茂丰贸易有限公司	366,065.00
54	莆田市永丰鞋业有限公司	340,097.20
55	太仓佳祥鞋材制品有限公司	327,885.00
56	义乌凯美箱包有限公司	327,800.00
57	福建状元鸟体育用品有限公司	313,040.00
58	福建美明达鞋业发展有限公司	308,704.00
59	中山市小榄镇鑫裕鞋材贴合厂	308,594.80
60	泉州市威驰体育用品有限公司	301,096.00
61	东莞市富扬体育用品有限公司	292,097.19
62	泉州鑫泰鞋材有限公司	290,769.00
63	河南舒跑鞋业有限公司	289,413.00
64	石狮市豪德盛实业有限公司	284,545.00
65	福建晋江市恒驰鞋塑有限公司	283,200.00
66	莆田市恒盛鞋业有限公司	279,010.00
67	莆田市荔城区新祥云鞋材贸易有限公司	271,275.00
68	晋江市舒宝鞋材有限公司	270,000.00
69	福州台隆塑胶有限公司	268,250.00
70	莆田市大金鞋业有限公司	263,170.00
71	泉州盛康鞋业有限公司	259,695.00
72	东莞市胜鑫鞋材有限公司	248,910.00
73	东莞市同浩运动用品有限公司	243,405.44
74	福建省腾达体育用品有限公司	238,841.00
75	泉州富豪鞋服有限公司	237,460.00

Top 28 customer outstanding 7 - 12 mth

No.	Customer	Outstanding between 7 - 12 Mths (RMB)
1	东莞市益路华实业有限公司	1,686,525.00
2	中山市煌鑫鞋材有限公司	1,588,096.00
3	东莞市桦腾橡胶制品有限公司	1,004,300.00
4	东莞市创扬鞋材有限公司	914,310.00
5	东莞市永业橡胶制品有限公司	817,050.00
6	东莞市世鑫针织品有限公司	737,481.65
7	东莞市联益体育用品有限公司	717,600.00
8	东莞市贵人实业有限公司	699,740.00
9	东莞市港鑫运动器材有限公司	679,185.00
10	东莞市棋升鞋材有限公司	647,050.00
11	东莞市利盛运动制品有限公司	634,175.00
12	莆田市明锐鞋业有限公司	633,820.00
13	东莞市惠欣运动用品有限公司	625,610.00
14	东莞市永兴橡胶制品有限公司	581,200.00
15	佛山市南海区浩凯鞋材贴合有限公司	570,492.00
16	东莞市黄氏运动用品有限公司	550,490.00

17	东莞市方信实业有限公司	548,685.00
18	东莞市鑫威运动用品有限公司	464,810.00
19	东莞市雅欣高分子材料有限公司	440,564.00
20	无锡世强休闲体育用品有限公司	381,105.00
21	东莞市志联运动用品有限公司	364,320.00
22	莆田市永丰鞋业有限公司	340,097.20
23	莆田市鸿盛塑胶有限公司	331,490.00
24	骆驼（福建）户外用品有限公司	250,000.00
25	东莞市尚佳橡塑制品有限公司	232,665.00
26	莆田市荔城区新祥云鞋材贸易有限公司	232,300.00
27	东莞市和泰鞋材有限公司	221,850.00
28	东莞市玮源运动用品有限公司	217,200.00

Supplier identity & Veracity of payments

The supplier that received advanced payment is Beijing Chonglee Machinery Engineering Co Ltd. ("BCME") who received the payment in 2015 when the contract was signed. BCME has been in business for over 40 years and as disclosed on their website, they are one of the biggest modern chemical fibre production machinery manufacturers in China and possesses a National Class A engineering qualification.

In FY2014 due to the acute decrease in sales, the Company decided to purchase new equipment to manufacture new products to replace the 30 Filament Yarn products which the Company has ceased production.

In the last quarter of 2015, the Board had approved the payment to BCME being deposits for the new machinery in view of the need to increase sales through new product offerings. The AC is aware and has no reason to doubt the veracity of the payment to BCME at that point in time. On hindsight, the Company should not have ordered the new production equipment as the business climate took a drastic turn following the placement of the order.

Write Offs

The AC has deliberated and established the impairment policy for trade receivables. In the event of deviations from the policy or when there are material bad debts, it will be submitted to the AC for discussion and approval. While there is no fixed policy for impairment of PPE or write-down of inventory, any material write-downs/impairments are also submitted to the Board for discussion and approval. The management is also required to explain to the AC on any material adjustments to the trade receivables, inventory, or PPE.

There has not been any transaction that warranted a third party to be engaged to investigate.

The AC undertakes a vigorous quarterly review of the reasonableness and the veracity of all write-offs. It is of the view that the write-offs pertaining to the trade receivables, inventory, deposits, and PPE for the year ended 31 December 2017 were reasonable in light of the state of business, the notification by the authorities and the opinion of lawyers. The write-offs were in accordance to the Financial Reporting Standards in Singapore (FRSs) issued by the Accounting Standards Council of Singapore. The write-offs that have occurred for the year ended 31 December 2016 have been discussed with our Auditors.

SGX Query:

- f. On the allowance for impairment of deposits on page 8
 - i. Please disclose full details of the agreement with Beijing Chonglee Machinery Engineering Co Ltd and to quantify the consideration and payment milestones;
 - ii. Please provide a disclosure on the legal opinion and the names of the Chinese solicitors; and
 - iii. Please disclose what information was provided to the solicitors to arrive at the opinion.

Company's Response to SGX Query:

As disclosed in our last reply to SGX Query dated 12 December 2017, the details of the contracts signed with BCME as follows:

Machinery Contract: Construction of a new production line and acquisition of a new PET Spinning and Drawing machine and Yarn Warming machine.

Contract signed on: July 2015

Contract Size: RMB 30.8 million

Progressive Payment:

1. Upon signing of contract: 60% deposit of RMB 18.5 million
2. 3 months after signing of contract: 20% progressive payment of 6.2 million
3. 1 week before delivery: 15% progressive payment of 4.6 million
4. Last 5% is kept as retention fee and will only be released to supplier at the end of 12 months if goods are produced at an acceptable quality level or 18 months after hand over of machinery

Service Contract: Design, Installation, calibration of machinery and training of production / engineering

Contract signed on: July 2015

Contract size: RMB 6.8 million

Progressive Payment:

1. 15 days upon signing of contract: 50% deposit of RMB 3.4 million
2. Upon completion of contract: remainder 40% of RMB 2.7 million
3. Last 10% is kept as retention fee and will only be released to supplier at the end of 2 years if there are no issues with the machinery

Please refer to Appendix 1 for information pertaining to the legal opinion and other documents pertaining to the above matter.

SGX Query:

- g. Please provide a breakdown of the type of inventory and aging schedule as well as their respective costs incurred and write-offs of the inventory to-date.

Company's Response to SGX Query:

Inventory and Aging Schedule (RMB '000)

	within 6 mth	7 - 12 mth	> 1 year	Total
Raw Materials	-	915	791	1,706
Finished Goods	-	28	4,196	4,224
Supplementary materials	-	-	372	372
Total Inventory	-	943	4,987	6,302
Write-down for Raw Materials	-	823	791	1,614
Write-down for Finished Goods	-	3	4,196	4,199
Write-down for Supplementary materials	-	-	372	372
Total Write-down for inventory	-	826	4,987	6,186
Total Inventory after impairment	-	116	-	116

SGX Query:

- h. It was disclosed that “[o]n 29 March 2017, EStar through a strategic collaboration with a Chinese property developer entered an agreement to build 160 charging stations for electric vehicles in China’s Huizhou city”.
 - i. Please disclose how much was invested and how many charging stations have since been completed;
 - ii. Please disclose when the construction of the charging stations will be completed; and
 - iii. Please disclose the performance of the charging stations that have since been completed and the revenue generated from these stations since completion.

Company's Response to SGX Query:

The Company is preparing for the sale and installation of 6 chargers to the developer. The 6 chargers are expected to be operational by 2Q2018. As such, there are no performance or revenue data to disclose in FY2017. The Company has to date incurred various work in progress costs of approximately RMB 165 thousand for this project.

SGX Query:

- i. It was disclosed that “[o]n 20 April 2017, EStar formed a joint venture to build electric vehicle chargers...”
 - i. Please disclose how much was invested;
 - ii. Please disclose how many chargers will be built and when will these be completed; and
 - iii. Provide a status update on the construction of these electric vehicle chargers.

SGX Query:

- j. It was disclosed that “[o]n 16 May 2017, EStar’s joint venture secured a project to install and operate 120 charging stations at an upcoming residential development in Chengdu, the capital of China’s Sichuan province”.
 - i. Please disclose how much was invested;
 - ii. Please disclose how many charging stations will be built and when will these be completed; and
 - iii. Provide a status update on the construction of these charging stations.

Company's Response to SGX Query:

The Sichuan JV's first project is the installation of 120 charging stations at a 600 unit residential development in Chengdu built by 四川省恒瑞实业有限公司 (“Sichuan Heng Rui Industrial”). The residential development has not begun its pre-sales and is still under construction. In anticipation of the launch of the project, the Sichuan JV has commenced product training and the transfer of production technology from Beijing E-Star.

The cost of the 120 low-power chargers is estimated at approximately RMB1 million (or approximately S\$200,000). To kickstart operations, each joint venture party will initially contribute 10% of its proportionate investment amount of RMB10 million, being the total investment commitment. The installation of the 120 charging stations in Chengdu will be mostly funded from this initial outlay. Beijing E-Star has adequate internal funds to finance its portion of the investment. The portion of Beijing E-Star funding is 18% of the initial outlay of RMB1 million, which amounts to approximately RMB180,000, with the balance RMB9million to be called on by the Sichuan JV as and when additional capital is required to fund new projects.

SGX Query:

- k. As regards the dealership agreement with GYH E-Vehicle Sdn Bhd, please disclose the performance of this dealership agreement as well as what is the net profit generated from this dealership agreement.

Company's Response to SGX Query:

The Company has not generated any sales from the dealership agreement.

The Company in the reply to SGX query dated 11 September 2017 confirmed it will not be undertaking the proposed new business to such extent that it will change the risk profile of the Group materially, until such time shareholders' approval has been obtained.

SGX Query:

- l. It was disclosed that “[t]he share of losses by associate for the year ended 31 December 2017 is approximately RMB 1 million. The Company’s share of the associate’s losses is due to the initial deployment of charging stations and the startup cost. Please provide a breakdown of the loss of RMB 1 million.

Company’s Response to SGX Query:

The Company’s share of the associate’s initial deployment of charging stations and the startup cost breakdown is as follows:

Startup Cost	RMB ‘000
Initial Deployment Cost (Mobilisation and labour)	748
Administrative expenses (Selling and distribution expenses, Staff Cost, Depreciation, Transportation, Advertisement, R&D Cost)	500

The materials used as part of the initial deployment of the charging stations include, proprietary electrical boards, cables and charging stations’ housing.

SGX Query:

- m. As regards the commentary on financial position (non-current assets):
- i. Please advise whether the Audit Committee has reviewed the representations and have satisfied themselves on the veracity of the asset as well as the notification from the Land and Resources Bureau of Fujian Province, Quanzhou City; and
 - ii. Please advise whether these assets were included in the PRC filings with the State Administration for Industry & Commerce of the PRC in the Company’s financial statements.

Company’s Response to SGX Query:

The Audit Committee has reviewed the representations as well as the notification from the Land and Resources Bureau of Fujian Province, Quanzhou City. The Audit Committee is satisfied with the veracity of the asset as well as the notification from the Land and Resources Bureau of Fujian Province, Quanzhou City

The Company has filed with the State Administration for Industry & Commerce of the PRC. The Company has State-owned Land Use Rights and Building Ownership Title.

SGX Query:

- n. As regards the commentary on financial position (use of proceeds – placement shares):
- i. Please provide a breakdown of the “general corporate purposes” when used for working capital.

Company’s Response to SGX Query:

Pursuant to the second sale and purchase agreement entered into by the Company on 3 July 2017 for the acquisition of 20% of EStar Investments Pte Ltd, RMB 489 thousand was paid as partial payment to the vendors, namely Mr. Koo, Mr. Tay, and Eesti Global Pte Ltd.