BM MOBILITY LTD.

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE FINANCIAL RESULTS ANNOUNCEMENT FOR FOURTH QUARTER ENDED 31 DECEMBER 2018

The Board of Directors (the "Board") of BM Mobility Ltd. (the "Company", and together with its subsidiaries, collectively the "Group") refers to the Results Announcement released on 8 February 2019 ("Results Announcement"). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 February 2019 (each, a "SGX Query") as follows:

SGX's Query:

1. We refer to BM Mobility's / the Company's announcement dated 8 February 2019 pertaining to the Company's unaudited interim financial statements for the 4th quarter ended 31 December 2018 (the "Company's Announcement"). In 4Q2019, the Group had incurred a significant foreign currency translation loss of RMB 469k, as compared to the Group's revenue of RMB 941k. Please disclose the value of the underlying item(s) and disclose the specific factor(s) that had resulted in the significant loss.

Company's Response:

On 30 September 2018, the closing rate for the Chinese Renminbi Yuan ("RMB") to Singapore Dollar ("SGD") was at 5.0176, which has weakened to 5.0427 as of 31 December 2018. Whereas, the closing rate for Chinese Renminbi Yuan ("RMB") to Malaysia Ringgit ("MYR") was at 1.6585 as of 30 September 2018, which has also weakened to 1.6617 as of 31 December 2018.

In the 9 months period ended 30 September 2018, the weighted-average exchange rate for the Chinese Renminbi RMB to SGD was at 4.8604 which has also weakened to 4.8979 in the 12 months ended 31 December 2018. Whereas the 9 months period ended 30 September 2018, the weighted-average exchange rate for RMB to MYR was at 1.6308, which has also weakened to 1.6386 in the 12 months ended 31 December 2018.

The foreign currency translation loss was mainly due to the exchange rate difference between the weighted-average exchange rate of 4.8979 (RMB to SGD) and 1.6386 (RMB to MYR) for the 12 months ended 31 December 2018 applied to the Consolidated Statement of Comprehensive Income as compared to the closing rate of 5.0427 (RMB to SGD) and 1.6617 (RMB to MYR) as of 31 December 2018 applied to the Consolidated Statement of Financial Position respectively.

SGX's Query:

2. We note that the Group's balance sheet comprises of an "intangible asset" of "RMB 8.2mil". Please clarify whether this "intangible asset" refers to the intellectual property rights ("IP rights") of the non-patented technology of Beijing E-star Electric Technology Co Ltd, as disclosed in item a) of the Company's response to SGX-ST queries published on 2 June 2018. If yes, please provide details of the IP rights, in particular:

a. how the IP rights are “unique” and/or may be differentiated from other technology such that the ‘cost’ of the IP rights was capitalized and classified as an “intangible asset” (as compared to being an expense charged to the income statement);

Company’s Response:

The intangible asset relates to intellectual property rights (“IP”) of the non-patented technology of Beijing E-star Electric Technology Co. Ltd. (“Beijing E-star”) based on the valuation report dated 26 April 2016. The recognition principle of FRS 38 was applied to recognise the said intangible asset in the Group’s financial statements, which future economic benefits are expected to flow to the entity. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Our IP centers around products and software platform. As products and services changes, we will need to upgrade the product and services as required. These continuous upgrades lead to improvement of the existing products and platform.

The future economic benefits achieved from IP was revenue achieved of RMB 2.2 million generated from the sale of its products or services resulting from the use of the asset by Beijing E-Star.

SGX’s Query:

b. whether the company had been unable to obtain a patent for the IP rights which are “non-patented technology”. If so, please explain why the patent has the value recorded and classified as an “intangible asset” in the Statement of Financial Position. Otherwise, please provide details of the patent application process and the status of the application;

Company’s Response:

The valuation of the technology of Beijing E-Star was based on the China Authority-accredited accounting and valuation firm. The valuation was filed and accepted by China Tax authorities and China Commercial Bureau as intangible assets.

The company has yet to apply for IP patent, as we intend to focus our limited resources for more immediate business operating needs. The company shall make the application for IP patent when the need arises and when we have adequate resources in the future.

SGX’s Query:

c. whether the Company has any plans to patent the said IP rights and if not, to explain why;

Company’s Response:

The Group is currently focusing on three major areas for its removal from the watch-list within 36 months from 5 June 2018. The three major areas are as follows:

1) Return to profitability

2) Since the e-scooter sharing business in Malaysia is showing growth potential, the Group’s resources are being deployed accordingly in this business.

3) Obtaining SGX’s approval for its circular for the Proposed Disposal of the loss making raw materials business which has generated zero revenue since January 2018. This was disclosed in the previous quarterly announcements.

Currently, the Company has no plan to patent the IP as the company does not have adequate resources for this purpose.

SGX's Query:
d. how impairment is tested in respect of the RMB 8.2 million IP rights.

Company's Response:
There has been no change in the company's policy in respect of the write-offs and impairment test since our last audited financial statements, which have been audited by our Company's auditors, RT LLP who have agreed with the management on such policy.

The review of the recoverability of the carrying amount of the IP and ability to generate future economic benefits is performed, only when there are indicators of impairment as required by FRS 36, by assessing the future economic benefits to be received from the intangible asset.

SGX's Query:
3. The Group's "Trade and other receivables" of "RMB 12.58mil" is significant, as compared to revenue of only RMB 941k for 4Q2019. Please disclose:

a. a breakdown by business sector of the trade and other receivables;

Company's Response:
Please refer to the table below for the breakdown by business sector of the trade and other receivables.

RMB'000	Raw Material	Green energy
Trade receivables	9,023	2,299
Other receivables	797	464
Total	9,820	2,763

SGX's Query:
b. the aging schedule of these receivables in bands of 3 months (with upper limit of the longest due debt specified in bands of 3 months); and

Company's Response:
Please refer to the table below for the aging schedule.

	Aging (RMB'000)				
	1 to 3 Mths	4 to 6 Mths	7 to 12 Mths	> 12 Mths	Total
Total receivables	547	1,532	220	10,284	12,583

SGX's Query:
c. the proportion of the Group's 4Q2019 revenue of RMB 941k and the 12M2019 of RMB 4.54 million that had been collected to-date respectively.

Company's Response:
As at 31 December 2018, RMB 2.3 million has been collected out of RMB 4.54 million from the sales revenue.

SGX's Query:

4. In para 1(d)(ii) of the Company's announcement, it was stated that "there were no outstanding convertible or treasury shares held as at 31 December 2018 and 31 December 2017". However, this contradicts the Company's earlier announcement for 3Q2019 on 19 December 2018 which stated that there were "xx outstanding warrants expiring on 13 February 2021". Please confirm the number of shares that may be issued on conversion of all the outstanding convertibles (which includes warrants) as at the end of the current financial period reported on and as at the end of the corresponding period immediately preceding financial year. If there is none, to explain why.

Company's Response:

	31 December 2018		31 December 2017	
	Number of ordinary shares	Share capital (RMB'000)	Number of ordinary shares	Share capital (RMB'000)
At the end of the period	524,412,732	212,306	467,926,732	195,561

The Company's share capital increased since the end of the previous reporting period due to the conversion of warrants. As at 31 December 2018, there were 879,367,464 outstanding warrants. There were no treasury shares held as at 31 December 2018 and 31 December 2017.

	Company	
	31 December 2018	31 December 2017
No. of ordinary shares in issue	524,412,732	467,926,732

The Company issued new ordinary shares of 56,486,000 pursuant to a conversion of 56,486,000 warrants by its shareholder in 2018.

SGX's Query:

5. The Company reported a gross profit of RMB531k for 4Q2019 and RMB2.45 mil for 12 months ended 31 December 2018 of RMB2.45 mil. Please explain why no provision of tax is required whereas for a gross profit of RMB665k in FY2017, a tax provision of RMB286k was reported. Please elaborate.

Company's Response:

The Company reported a gross profit of RMB 2.45 million for 12 months period ended 31 December 2018. However after deducting its operating expenses, the Company was still suffering a loss. Hence, the Company did not make any tax provision.

For financial year 31 December 2017, it was a reversal of tax liability amounting to RMB 286,000. This is not a provision.

SGX's Query:

6. We note that as at 31 December 2018, the Group had used RMB 1.8 mil of proceeds from the rights issue of warrants for "operating expenses". To provide a specific breakdown of the said operating expenses incurred.

Company's Response:
Please refer to the table below for the breakdown of the said operating expenses.

Detail	RMB'000
staff costs (incl. salaries and staff welfare, etc)	1,171
selling and administration expenses (incl. professional fee, transportattion, travel and accomodations, etc)	647
Total	1,818

SGX's Query:
7. The Group is in a negative equity position of RMB 1.84mil and negative working capital of RMB 18.1mil as at 31 December 2018, reported a net loss of RMB11.14 mil for 12 months ended Dec 2018 (RMB 1.74 mil in 4Q2018) and has generated negative cash flow from operating activities of RMB11.58 mil (RMB 1.36mil in 4Q2018). We draw your attention to Listing Rule 1303(3)(c). For the purpose of determining if Rule 1303(3)(c) should apply, please provide the following information:-

a. the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view. To provide the Board's views on how the Group is able to finance its operational needs and short term obligations as and when they fall due in the next 12 months and substantiate with data, the basis for the Board's views;

Company's Response:
Net cash used in operating activities for Q4 2018 amounted to RMB 1.36 million and there was net proceeds from financing of RMB 641,000 resulting in net cash used of RMB 1.18 million. Based on the last quarter results, the estimated burn rate is approximately RMB four hundred thousand per month.

The Company has approached several interested parties to invest in the Company. However, the interested parties have indicated that they are willing to invest after the Company has disposed of its loss making raw material business.

While awaiting for the clearance of the circular in relation to the Proposed Disposal of the raw materials business, the Company is also considering to raise funds at BM Mobility Sdn Bhd, a subsidiary of the Company, to fund its green energy business. The company will provide an update via announcement as and when it is appropriate.

In view of the above, the Board is of the view that the Group will be able to operate as a going concern and is able to finance its operational needs and short term obligations as and when they fall due in the next 12 months.

SGX's Query:
b. to disclose the Group's working capital requirements, capex and monthly cash burn expected for the Green Energy business in the next 12 months; and

Company's Response:
The Company will only commit to capex when it has available funds.

To minimize capex the Company has started selling technology licenses as disclosed via announcement on 29 September 2018.

SGX's Query:

c. the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's Response:

Yes, the Board has confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

BY ORDER OF THE BOARD
BM MOBILITY LTD.

Lim Gwo Bin
Group Financial Controller
22 February 2019