BM MOBILITY LTD.

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON UPDATE ON PROGRESS OF COMPLETION OF THE PROPOSED DISPOSAL OF WHOLLY-OWNED SUBSIDIERIES.

The Board of Directors (the "**Board**") of BM Mobility Ltd. (the "**Company**") wish to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 June 2019 (each, a "**SGX's Query**") as follows:

SGX's Query:

1 a. Please disclose the reasons for the non-pay of the full consideration, provided by the Purchaser to date, if any;

Company's Response:

The Purchaser requested for more time as the Equity Transfer Agreement ("the Agreement") was signed on 29 August 2018.

When the Agreement was signed, the Company had indicated to the Purchaser that it will normally take 4 to 5 months for the Exchange to review the Proposed Disposal and shareholders to vote. However, it has taken 8 months. Given the time lapse, the primary funder supporting the Purchaser has backed out. The Purchaser is currently actively looking for new potential funders.

SGX's Query:

1 b. Please disclose the date when the Purchaser requested for an "extension of time to fulfil its payment obligations under the Agreement and specifically for the Purchaser to pay the remaining amounts of the Consideration within a period of 6 months from the date of the EGM.

Company's Response:

The date in which the Purchaser requested for an extension of time was 17 June 2019.

SGX's Query:

1 c. Please disclose the reasons why the Board of Directors and the AC are of the view that the 6-months extension of time sought by the Purchaser to satisfy the Consideration pursuant to the Agreement, is not prejudicial to the interests of the Company and its shareholders as a whole.

Company's Response:

The Company's key objective is to collect the remaining outstanding balance as soon as possible. As the Company has already collected RMB 600,000, the Company's view is that 6 months is reasonable to attempt to collect the remaining balance without having to engage in costly legal action involving

significant management time. Under the Agreement, legal action will be in China. Further, there is no assurance that legal action may result in faster settlement.

SGX's Query:

1 d. Please disclose what are the specific "means of securing and expediting the payment of the outstanding Consideration" that the Company is "currently exploring"

Company's Response:

The Company will continue to actively engage with the Purchaser until the remaining balance is received in full.

SGX's Query:

1 e. Please disclose whether the Purchaser is in breach of the terms of the Agreement if the extension is not granted. If so, whether the Purchaser is in default of the Consideration payable to the Company. To disclose what would be the legal rights of the Company if the Purchaser defaults.

Company's Response:

Yes, the Purchaser has breached the Agreement. The Company has legal recourse against the Purchaser.

SGX's Query:

1 f. Please disclose and elaborate on the financial resources incurred by the Company till to date, but not limited to any fees and expenses payable (and incurred) by the Company, in connection with the Agreement

Company's Response:

The Company has spent approximately RMB 530,000.

SGX's Query:

1 g. Please disclose what due diligence have the Board and the AC undertaken in relation to the granting of the 6-month extension of time for the payment of the remaining Consideration

Company's Response:

Having already spent approximately RMB 530,000 and given the explanation above (1a) and 1(c). The Board is of the view that under the current circumstances it is in the best interests of the Company to wait for 6 months for collection of the balance amount before considering its legal rights for recourse.

SGX's Query:

1 h. Please provide details of the specific financial conditions of the Purchaser including but not limited to the following: What is its paid-up capital; how significant are its expenses; what ascertainable documents the Board and AC have that by extending the time for payment by 6 months, the Purchaser would be able to pay fully for the Acquisition.

Company's Response:

The paid up capital by the Purchaser is HKD10,000. As the Purchaser is based in China, Bangwei Investment Limited was set up as an investment holding company for the purchase of the assets from the Company.

SGX's Query:

1 i. Please disclose whether the Company has transferred the shares to the Purchaser notwithstanding the non-payment. To state whether the Company had required the shares to be transferred to an escrow agent who will transfer the shares back to the Company in the event of a payment default? If not, please explain why and what safeguards were put in place by the Board and AC.

Company's Response:

The shares have not been transferred and there is no escrow arrangement.

SGX's Query:

1 j. To provide the AC's views on whether the abovementioned safeguards are sufficient to safeguard the assets of the Company and to protect the interests of independent shareholders of the Company. To provide the basis for the AC's views

Company's Response:

The shares have not been transferred, and therefore the interests of independent shareholders have not been compromised.

SGX's Query:

2. It was disclosed in the Circular dated 12 April 2019 for the Proposed Disposal (the "Circular") that 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.

a. Please disclose whether the Board had conducted any due diligence on the Purchaser, prior to the entry into the equity transfer agreement/ Agreement in relation to the Proposed Disposal;

b. If so, please provide details of the due diligence conducted by the Company, including but not limited to; the scope and date(s) of the due diligence; and whether the Board had independently verified that the Purchaser had sufficient financial resources to acquire Zhihe Technology and Ziwo ImpEx for RMB 3 million.

c. If not, please explain why no due diligence was undertaken prior to the Agreement.

Company's Response to 2. a, b and c:

As the deal is considered as a management buy-out on a willing-buyer willing-seller basis, the due diligence done by the Company is limited. The Company has been relying on Wang Jian Hong in dealing and communicating with the Purchaser since the beginning of the negotiation for the Proposed Disposal. The information and background of the Purchaser had been duly disclosed by the Company in the Circular dated 12 April 2019.

Prior to signing of the Agreement, Wang Jian Hong had indicated that the Purchaser had sufficient funding from a funder.

As at the date of this announcement, the shares of the Disposal Companies have not been transferred to the Purchaser.

SGX's Query:

3. The Purchaser's sole director and the sole legal and beneficial owner is one "Mr Li Shuet Wing". We note that "Mr Li Shuet Wing has been employed by the Group as the sales and marketing manager of "Zhihe Technology" and "Ziwo ImpEx" since January 2018". Furthermore, the Purchaser and Mr Li Shuet Wing were introduced to the Company by Mr Wang Jian Hong, who is the Manager of the production plants of Zhihe Technology and Ziwo ImpEx.

a. It was stated in the Circular that "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." Please elaborate on the details of the due diligence conducted by the Board;

b. In addition, it was stated that "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." Please elaborate on the details of the due diligence conducted by the Board;

c. The Circular stated that "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." Please elaborate on the details of the due diligence conducted by the Board.

Company's response to 3. a, b and c:

The Company had received a written confirmation from Li Shuet Wing that he is absolutely independent and is not related to Directors and CEO of the Company. The Board of Directors also confirmed separately that each of the Directors is not related to the Purchaser and Wang Jian Hong.

The Company confirmed that Wang Jian Hong is a long-time employee of the Zhihe Technology and Ziwo ImpEx. He is merely an introducer and not a party of the Agreement. No introduction fees will be paid to Wang Jian Hong in respect of the introduction.

SGX's Query:

4. We note the Company's Circular states, inter alia, that the Agreement may be "amended or terminated by the agreement of both the Company and the Purchaser in writing".

a. Please disclose whether the Purchaser's non-payment of the full consideration constitutes a 'breach' which renders the Agreement/ Proposed Disposal voidable by the Company;

b. In light of the breach, please disclose the actions the Company intends to take with respect to the Agreement for the Proposed Disposal;

c. In the event of non-completion of the Proposed Disposal, please disclose what are the Board's plans for the Disposal companies, Ziwo ImpEx and Zhihe Technology;

d. In the event of non-completion, please disclose what is the impact of the suspension and/or revocation of the Agreement/Proposed Disposal on the Company's financials and/or operations, having regard to the resources invested by the Company till to date.

Company's response to 4. a, b, c and d:

Yes, the Company deems it as a breach of the Agreement. However, the Purchaser has requested for another 6 months to make the full payment.

In the event of non-completion, the Company will take legal action to collect the balance amount from the Purchaser.

In the event of non-completion, the Group will continue to report net liabilities held for sale of the Disposal Companies of approximately RMB 16.4 million.

BY ORDER OF THE BOARD
BM MOBILITY LTD.

Tay Wee Kwang
Executive Director and Chief Executive Officer
20 June 2019