BM MOBILITY LTD.

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON: SGX QUERY

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 16 August 2019 (each, a "**SGX's Query**") as follows:

SGX's Query:

1. **Based on the Company's FY2019 audited results, revenue from the PRC comprised 64% of total revenue. Please explain why the decrease in revenue was only 29.9% despite the absence of any sales from the PRC segment in 1Q2020.**

Company's Response:

During the period Apr to Jun 2018, the E-bike sharing business had just started. Therefore revenue contribution to FY 2019 from the E-bike sharing business is less than the PRC revenue contribution for quarter-ended 1Q2020.

SGX's Query:

2. **The Company disclosed that in 1Q2020, cost of sales of $187k included $107k of amortization of intangible assets.**

    a. **Please disclose what is the balance of $80k in the cost of sales;**
    b. **Please disclose why amortization is not a separate line item;**
    c. **To disclose whether this is consistent with the Group's presentation in previous years;**
    d. **Please disclose the breakdown of the costs of sales in comparison with the previous financial period ended 30 June 2018.**

Company's Response:

a) Balance of $80k was mainly from direct expenses relating to e-bike sharing business and e-vehicle charging services such as labour, maintenance, utilities, rental at locations of deployment.
b) The Group's intangible assets relate to software applications and technology know-how for its Green Energy Business, namely the e-bike sharing and e-vehicle charging services. As such, the amortisation has been included in cost of sales as part of the direct costs incurred to generate the Group's revenue from its Green Energy Business.
c) For consistency, the Company has adopted financial presentation in accordance with FY 2019 audited accounts. The comparative quarter has been restated accordingly.
d) The cost of sales for April to June 2018 quarter has been restated to include $107k amortization. Disregarding amortization, the cost of Sales for the quarter 2019 is 54.8% whereas the cost of sales for quarter ended 2018 was 58.2%.

SGX's Query:

3. **In 1Q2020, administrative expenses of $294k included "depreciation expenses".**

    a. **Please disclose what are these "depreciation expenses";**
    b. **To disclose why these are included in administrative expenses;**
    c. **To disclose whether this is consistent with the Group's presentation of accounts**
    d. **Please provide a breakdown of the administrative expenses in comparison with the previous corresponding period.**

Company's Response:

a) Depreciation expenses was mainly for office furniture fittings and equipment.
b) They are part of administration expenses.
c) Yes
d) Administrative expenses consist mainly of salaries, staff welfares, general insurance, professional fee and office expenses like communications cost etc. The decrease of administrative expenses from the previous period was mainly due to lower professional fees incurred as there was no major corporate action in the current quarter, as well as reduction in staff costs mainly from the 50% reduction in executive directors' salary.

SGX's Query:

4. **We note that revenue in 1Q2020 amounted to $146k. Outstanding trade receivables amounted to $240k.**

    a. **If the Company's business is in e-bike sharing, why is there an amount of $240k of outstanding trade receivables?**
    b. **Why is cash not collected for the e-bike business?**
    c. **Please elaborate on the business model.**
    d. **Please disclose the credit terms for such rental of e-bikes.**

Company's Response:

a) Trade receivables are from sales of charging stations in the PRC, where sales terms involve payment by the customer over 4 quarters from the date of handover. The $240k outstanding is not overdue.
b) The e-bike sharing business involves cash collection via mobile payment.
c) Customer first need to register to be members before they can use the ebikes. Customer are charged for usage via mobile payment.
d) The Company does not offer credit terms for the rental of e-bikes. Customer are charged for usage via mobile payment.

SGX's Query:

5. **On Pg 3 of the 1Q2020 financial statements, it was disclosed that the amount repayable after one year was $135k. Please disclose to whom this debt is payable to.**

Company's Response:

The Company has a redeemable note arrangement with a third party as disclosed in note 25 (d) in our Annual Report for FY2019, the redeemable note will mature in March 2021.

SGX's Query:

6. **On Pg 7, para 8(iii), the Company stated that "Due to the classification of amortization of intangible asset as part of COS, the Group incurred Gross Loss of $41k for Q1 FY2020." Pleas elaborate on the rationale for this and whether it is consistent with the accounting treatment in audited FY2018 financial statements.**

Company's Response:

Yes. The last audited financial statement was for the period Jan to Dec 2017. FY 2018/2019 covers is the first set of audited financial statement for the Green Energy Business. The reclassification is for the unaudited results.

SGX's Query:

7. **On Pg 7, para 8(vi), it was disclosed that "There were no provisions for impairment or write downs in Q1 FY2020". Please elaborate on this statement.**

Company's Response:

The Company did not make any write down or impairment for the period from April 2019 to June 2019

SGX's Query:

8. **At Pg 8, para 9, the Company answered "not applicable" to the section "where a forecast or a prospect statement has been previously disclosed to shareholders, any variance between it and the actual results". Please disclose if there is a variance from the disclosure in para 10 of the FY2018 results.**

Company's Response:

Company did not make any forecast.

BY ORDER OF THE BOARD
BM MOBILITY LTD.

Tay Wee Kwang
Executive Director and Chief Executive Officer
19 August 2019