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 further queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 21 June 2019 (each, a "**SGX's Query**") as follows:

SGX's Query:

1. We refer to BM Mobility Ltd's / the Company's announcement dated 20 June 2019 and titled "Response to SGX Queries". The following responses are outstanding:

a. In SGX Query 1e, the Company was asked to "disclose what would be the legal rights of the Company if the Purchaser defaults". This was not disclosed. Please disclose accordingly;

Company's response:

Under the terms of the Agreement, the Company has the legal rights to terminate the Agreement or to claim damages, in the event the Purchaser fails to perform any of the terms of the Agreement.

SGX's Query:

1 b. In SGX Query 1f, the Company was asked to "disclose and elaborate on the financial resources incurred by the Company [for the purpose of the disposal] till to date. However, the Company did not provide a breakdown of the expenses of RMB 530,000 incurred till to date. Please disclose the breakdown accordingly;

Company's response:

The following list is the breakdown of the expenses of RMB 530,000 incurred to date for the disposal:

Descriptions	Amount (RMB '000)
Professional fees (legal and valuation)	320
Circular and EGM Notice, SGX fee, and other professional fee (scrutineer)	134
Other payables for Completion: Legal expenses, stamp duty and out of pocket	 76
Total	**530**

SGX's Query:

1 c. In SGX Query 1g, the Company was asked to provide details of "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". This was not disclosed. Please disclose accordingly;

Company's response:

In considering and agreeing to a 6-month extension of time for payment of the balance Consideration, the Board and AC had considered the following:

- The available options of terminating this Agreement and finding a new buyer for the Disposal Companies, where termination of the Agreement would have wasted 10 months of management's effort in securing and negotiating the disposal. The resulting search for a new buyer would almost certainly require significantly more time and management effort to secure parties interested in the Disposal Companies that is deemed difficult to dispose off at this time given potential buyers' general unfamiliarity with the Disposal Companies' history and circumstances that motivated the Board's decision to dispose the said businesses as highlighted in the Circular.

- The Purchaser has indicated that it remains committed to the Agreement but requires additional time to fully pay and is actively looking for funding options to pay the balance consideration. The Company has received verbal indication from the Purchaser that it is committed to make monthly payments. The Company is requesting for this commitment in writing from the Purchaser. The Board's and AC's view is that as long as the Company continues to receive regular payments towards completing the consideration due, this will be a better outcome than going through a lengthy and costly legal action process with no certainty of success.

Nevertheless, the AC has requested Management to enquire on available legal options and approximate costs of instituting legal proceedings in China should the need arise.

SGX's Query:

1 d. In SGX Query 1h, the Company was asked to "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". However, the Company did not disclose how significant the expenses of the Purchaser are; what ascertainable documents the Board and AC have sighted to satisfy themselves that the Purchaser would be able to fulfil the payment of the remaining consideration; and/or other potentially relevant information known to the Board and AC on the Purchaser's financial conditions. Please disclose accordingly;

Company's response:

The Board and AC's position in regards the Purchaser throughout the disposal process has been premised on the fact that the Purchaser was once an employee and is familiar with the history of the Disposal Companies. The Purchaser is deemed to be the most appropriate counterparty to dispose to given the circumstances of the Disposal Companies and a lack of potential external buyers. The Board and AC's primary objective hence, is to ensure collection of the full payment rather than incur on-going expenses related to due diligence to evaluate the Purchaser's ability to pay.

To-date, The Purchaser has already paid RMB 600,000 as consideration to the Agreement. As the Company shall only transfer title and rights of the disposal assets to the Purchaser once an aggregate 75% or RMB 2,250,000 of the agreed consideration is met, the Purchaser stands to lose the entire amounts paid to-date to the Company in the event of a termination of the Agreement. The Company currently retains all rights to the Disposal Companies and is therefore acting in the best interests of its shareholders at the expense of the Purchaser should there be a decision to terminate the Agreement by either party.

SGX's Query:

e. In SGX Query 2b, the Company was asked to "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". However, the Company did not disclose the scope and date(s) of the due diligence or state clearly whether an independent verification of the Purchaser's financial resources was undertaken. Please disclose accordingly;

Company's response:

No due diligence was performed on the Purchaser.

SGX's Query:

1 f. In SGX Query 2c, the Company was also asked to "explain why no due diligence was undertaken prior to the Agreement", if applicable. Please explain accordingly if no due diligence was undertaken.

Company's response:

There was no due diligence performed as the Company has depended on the "Consideration and Payment" clause in the Agreement. Under the Consideration and Payment clause, the transfer of Sale Shares will only be triggered upon receipt of 75% of the Consideration by the Company. An extract of the Consideration and Payment clause has been appended below for easy reference.

Consideration and Payment Clause
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.

SGX's Query:

1 g. In SGX Query 4c, the Company was asked: "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". This was not disclosed. Please disclose accordingly;

Company's response:

In the event of non-completion of the Proposed Disposal, the Company shall continue to classify the Disposal companies, Ziwo ImpEx and Zhihe Technology, as Discontinued Operations Held for Sale. The Company will continue to seek interested buyers whilst seeking legal opinion on potential recourse against the Purchaser.

SGX's Query:

1 h. In SGX Query 4d, the Company was asked: "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. This was not disclosed. Please disclose accordingly.

Company's response:

In the event of non-completion and termination of the Agreement, there will be no impact on the Company's continuing operations since the Disposal Companies have ceased operations. The Group shall however, continue to be in negative equity position.

BY ORDER OF THE BOARD
BM MOBILITY LTD.

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