BM MOBILITY LTD.

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON:
(A) SGX QUERY
(B) ANNUAL REPORT 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 13 and 14 August 2019 (each, a "**SGX's Query**") as follows:

BM Mobility Ltd's / the Company's announcement dated 13 and 14 August 2019, titled "Response to SGX Queries"

SGX's Query:

1. **In response to SGX Query 2a on what comprised the "appropriate audit evidence" that the auditors could not obtain, the Company stated that "… Part of the assumptions [of the projected cash flows] involved fund raising and there [sic] no assurance that the fund can be successfully raised". Please disclose how much is required for the said fund raising.**

Company's Response:

The estimated fund raising is approximately S$800,000 in stages.

SGX's Query:

2. **In response to SGX Query 2b on what are the key assumptions used by the Company in arriving at the book value of the Group's goodwill and intangible assets, the Company stated that it had relied on "Growth rates – 30% to 109% and "Discount rates – 13.73%".**

    a. **Please disclose the basis underpinning such a wide range of growth rates of 30% to 109%;**

    b. **To disclose how did the Company calculate the maximum growth rate of 109%;**

    c. **To set out the computations for the growth rates of 30% to 109%;**

    d. **To set out the computations for the discount rate of 13.73%.**

Company's Response:

a) As previously explained in our response to SGX Query 2d, the growth rates used were based on the projected increase in ridership through the introduction of the Group's e-bike sharing services to more universities in Malaysia and the expansion of the Group's e-vehicle charging services through installation of more charging stations throughout Beijing, PRC.

b) The maximum growth rate of 109% is set out in our response to c below.

c) The growth rates were computed based on the projected year-on-year revenue growth for the next five years to 2024 as set out below.

E-bike sharing services

Year	Projected Growth Rates
	%
2019-2020	base year
2020-2021	109
2021-2022	64
2022-2023	no growth
2023-2024	no growth

E-vehicle charging services

Year	Projected Growth Rates
	%
2019-2020	base year
2020-2021	60
2021-2022	75
2022-2023	30
2023-2024	no growth

d) As previously explained in our response to SGX Query 2d, the computation of the discount rate is as set out below.

Bond rate of 3.73% + Equity risk premium of 10% = Discount rate used of 13.73%

SGX's Query:

3. **In response to SGX Query 2c where the Board was asked to explain the basis for its assessment that the recoverable amounts exceeded the carrying amounts of the Goodwill and Intangible Assets, the Board stated that it had relied on "value in use calculations". Please set out the Board's value in use calculations for the assessment of impairment of the Group's goodwill and intangible assets.**

Company's Response:

The value in use calculations were based on the discounted cash flow forecast to determine the recoverable amounts of the goodwill and intangible assets, as summarised below.

	E-bike sharing services	E-vehicle charging services
	RMB' million	RMB' million
Recoverable amount – based on discounted cash flow forecast	65.9	20.3
Less:		
Carrying amount of allocated goodwill	2.7	0.6
Carrying amount of allocated intangible assets	0.6	7.9
Excess	62.6	11.8

SGX's Query:

4. **In SGX Query 2d, the Company was asked to quantify and explain how the impairment of the Group's goodwill and intangible assets were independently tested. However, the Company did compute the formula used by the Board. Please disclose accordingly.**

Company's Response:

As previously explained in our response to SGX Query 2a, management had performed the impairment test on the Group's goodwill and intangible assets and determined the recoverable amounts of the goodwill and intangible assets based on value in use calculations. Value in use calculations were based on discounted cash flow forecast, the preparation of which requires management to make assumptions and estimations in the underlying projected cash flows, namely growth rates and discount rates used. The assumptions and estimations used to determine the growth rates and discount rates are set out in our response to 2 c) and d) above.

SGX's Query:

5. **In response to SGX Query 3a on how much funds will the Company receive from the gain on disposal of RMB 58.77 million, the Company stated that the Consideration for the Proposed Disposal was RMB 3 million. Please account for the balance of RMB 55.77 million.**

Company's Response:

We wish to clarify that the gain on disposal of RMB 58.77 million is an accounting profit. Cash proceeds from the disposal is only RMB 3 million, being the Consideration for the Proposed Disposal.

The computation of the estimated gain on disposal is as set out below.

	RMB' million
Consideration	3.0
Less:	
Net liabilities and equity of Disposal Group as at 31 March 2019	55.77
Gain in disposal	58.77

SGX's Query:

6. **In response to SGX Query 4a on how the adjustment of RMB 5.6 million was discovered, the Company stated that the RMB 5.6 million relates to the initial allocation of "certain costs" of the Company recharged to the Disposal Group. However, the recharges were subsequently reversed by the Company and discovered during the Group audit.**

   a. **Please provide a breakdown of the "administrative fees" of RMB 5.3 million and "other administrative expenses" of RMB 0.3 million;**

   b. **To disclose what were the underlying fees and expenses.**

Company's Response:

a) As previously explained in our response to SGX Query 4a, the recharges to the Disposal Group, namely Zhihe (Fujian) Technology Co., Ltd, ("Zhihe Technology"), were based on the allocation of staff costs (including directors' remuneration) incurred by the Company during the reporting period, as significant time and resources were spent by the management in dealing with the Proposed Disposal of the Disposal Group. Such recharges at cost were captioned under administrative fees in Zhihe Technology's books based on a lump sum amount of RMB 5.3 million. However, as said the recharges were subsequently reversed.

   The recharges which were at cost, and the subsequent reversal, has had no impact on the consolidated financial statements of the Group, as they were in fact inter-company transactions.

b) Other administrative expenses of RMB 0.3 million were captioned under Zhihe Technology's books, which represent a lump sum amount recharged at cost by the Company, mainly for legal and professional fees incurred by the Company in relation to the Proposed Disposal of the Disposal Group. However, as said the recharges were subsequently reversed.

The recharges which were at cost, and the subsequent reversal, has had no impact on the consolidated financial statements of the Group, as they were in fact inter-company transactions.

SGX's Query:

7. **In SGX Query 4d, the Company was asked to disclose who are the parties to each erroneous transaction in relation to the expenses of RMB 5.6 million. However, the Company did not do so. Please disclose who are the parties to whom the expenses were paid to.**

Company's Response:

As explained in 6 a) and b) above, the expenses were incurred by the Company and recharged to Zhihe Technology at cost on a lump sum basis as opposed to a specific recharge of the relevant expenses. The recharges were subsequently reversed.

The recharges which were at cost, and the subsequent reversal, has had no impact on the consolidated financial statements of the Group, as they were in fact inter-company transactions.

SGX's Query:

8. **Further to the Company's response to SGX Query 5a on the estimated gain on disposal of RMB 58.7 million for the Disposal Group, please clarify the following:**

   a. **In the Circular to dispose of the Disposal Group, it was stated that the gain on disposal resulted from the reversal of impairment of investment in subsidiaries of negative RMB 57 million and the consideration of RMB 3 million. Please disclose how was the negative NAV of RMB 57 million derived.**

Company's Response:

Please refer to our response to 5 above.

SGX's Query:

9. **In response to SGX Query 5b on the nature of the costs of RMB 1.3 million incurred for the Disposal Group, the Company stated that RMB 1.1 million was attributable to property tax and RMB 0.2 million was attributable to utilities and security guard expenses:**

    a. **Please provide a further breakdown of the property tax computation; and**

    b. **Please provide a description of the properties to which this property tax applies.**

Company's Response:

a) Property taxes were assessed by the relevant PRC tax authorities based on the determined floor area of the relevant property. The applicable PRC property tax rates are 6% for land and 0.012% for leasehold buildings.

b) Property taxes apply to the land and leasehold buildings held by Zhihe Technology and Quanzhou Yixiang Textile Co., Ltd ("Yixiang") in Quanzhou City, Fujian, PRC as set out below.

    Land

    Zhihe Technology – Lot no A-09 and A-10(B) and Lot no C-09C-2
    Yixiang – Lot no A-11(C)

    Leasehold buildings

    Zhihe Technology (land lot no. A-09 and A-10(B)) – Dormitory and #A - #G factory buildings
    Yixiang (land lot A-11(C)) – Office and #1- #2 factory buildings

SGX's Query:

10. **In response to SGX Query 6a, the Company "confirmed that the NTA based on the unaudited management accounts of Wanted Marketing then did not include any deferred tax asset". Please explain when was this deferred tax asset first recorded in the Company's books, what was the value recorded and how was the value derived?**

Company's Response:

The deferred tax asset was first recorded in Q1 2018 accounts.

The deferred tax asset with a carrying amount of RMB 670,000 (equivalent to RM 407,000) represented the unutilised tax losses in Uniride Ecotour Sdn Bhd, a subsidiary of Wanted Marketing, amounting to approximately RM 1.63 million. The deferred tax asset had been de-recognised as it was not probable that future taxable profits will be available to utilise these tax losses carried forward.

SGX's Query:

11. **Please disclose the background of Quanzhou Yixiang Textile Co., Ltd. What is its principal activity and what is the nature of this transaction that owed amount of RMB 46 million was eliminated.**

Company's Response:

Yixiang is a wholly owned subsidiary of Zhihe Technology. Yixiang is dormant but holds certain land and leasehold buildings of the Group as set out in our response to 9 b) above. The amount owed of RMB 46 million was due to Zhihe Technology, mainly to finance Yixiang's acquisition of its land and leasehold buildings in prior years.

SGX's Query:

12. **In response to SGX Query 7b(ii), the Company provided the breakdown of RMB 6.3 million. Please disclose which entity does the various expenses relate to and whether these activities have stopped? If so, please explain what are the Other sales and distribution expenses relating to and paid to whom?**

Company's Response:

The bulk of the RMB 6.3 million comprised the expenses as set out in our response to 6 above, which the nature of the transactions had been explained. Other sales and distribution expenses amounting to RMB 0.7 million represented excess provision relating to legal and professional fees which were reversed in Zhihe Technology's books.

SGX's Query:

13. **In response to SGX Query 7b(iv), the Company explained the erroneous transaction with Zhihe Technology were subsequently reversed. Please explain who did Zhihe Technology pay these expenses to?**

Company's Response:

Zhihe Technology did not make any payment, as explained in our response to 6 above, the erroneous transaction was referring to the allocation of HQ costs recharged at cost to Zhihe Technology by the Company. However, the said recharges were subsequently reversed by the Company but not in Zhihe Technology's books, and therefore adjustment was made to reverse the recharges in Zhihe Technology's books, ie to mirror the reversal made in the Company's books.

SGX's Query:

14. **In response to SGX Query 8b, the Company explained that adjustment for exchange differences of RMB2.3 million mainly arose from formula error giving rise to computational variances. Please elaborate on the formulas used and demonstrate the calculations in how the formula error gave rise to the exchange differences of RMB2.3 million.**

Company's Response:

The major item giving rise to the variances relates to a translation gain of RMB 1.9 million that was recorded under the Company's translation reserve upon the translation of the Company's unaudited financial statements kept in S$ into the Group's presentation currency of RMB. However, on completion of the Company's audit the translation of the Company's audited financial statements kept in S$ into the Group's presentation currency of RMB gave rise to a translation gain of RMB 0.3 million. The variance of RMB1.6 million was accordingly adjusted.

SGX's Query:

15. **In response to SGX Query 10a, the Company explained that the "other receivables" relate to amounts due from subsidiaries which are non-trade in nature. Please disclose the identity of the subsidiaries and what were the nature of the underlying transactions if they were non-trade?**

Company's Response:

Amount due from subsidiaries

Estar Investment Pte Ltd	-	RMB 9.3 million
BMM Solutions Pte Ltd	-	RMB 0.3 million
BM Mobility Sdn Bhd	-	RMB 0.7 million
Uniride Ecotour Sdn Bhd	-	RMB 0.6 million

All of the amounts due from subsidiaries are non-trade in nature which represent the funding by the Company to the various subsidiaries of the Group for their working capital needs.

SGX's Query:

16. **Please provide the aging schedule of these other receivables in bands of 3 months (with upper limit of the longest due debt specified in bands of 3 months) as raised in SGX Query 10b previously.**

Company's Response:

Aging schedule is not applicable as all of the amounts due from subsidiaries are repayable on demand.

SGX's Query:

B. BM Mobility Ltd's / the Company's Annual Report 2018.

SGX's Query:

1. **Please disclose the names of the independent directors who have served more than 9 years; To provide details and elaborate on the "annual review" conducted by the NC.**

Company's Response:

Mr Soh Beng Keng is the Lead Independent Director who has served more than 9 years.

The annual review conducted by the NC requires all the Independent Directors to submit a declaration of independence which confirmed his independence in a manner as prescribe in accordance with the Code of Corporate Governance. The NC will also consider and assess on the length of service, judgment, working experience which will value add to the best interest of the Group and character of each Independent Director.

SGX's Query:

2. **Please disclose who is presently overseeing and maintaining the financial records of the Company given there is no existing CFO in the Company.**

Company's Response:

A full time Accountant based in Malaysia

SGX's Query:

3. **The auditors have issued a disclaimer of opinion, *inter alia*, on the inability of the auditors to obtain sufficient appropriate audit evidence on the Disposed Group accounts. Please demonstrate how the AC have assessed the Group's internal controls to be "adequate and effective" as at 31 March 2019.**

Company's Response:

As the main business of the Company was dealing with the raw material business in PRC in the past. The business had ceased and no longer in operation, hence no internal control processes. As for the new energy business in PRC and Malaysia, they are all in the startup stage. Going forward, the Company will appoint a professional firm to carry out internal control functions.

SGX's Query:

4. **Please explain why the warning letter from the Monetary Authority of Singapore in November 2017 to Mr Tay Wee Kwang is not deemed as a regulatory action?**

Company's Response:

Mr. Tay clarified that the warning was treated as an enforcement action, hence, the disclosure. The warning letter from the monetary authority was in respect to delayed disclosure of interests in the company. His change in interests in the company was due the new shares issued by the company on 13 June 2017 pursuant to a fund-raising exercise. There was no change in the number of shares held by him.

In the Annual Report 2018/19 page 30. The last sentence in Mr. Tay's disclosure should be; "No further action was taken by the Monetary Authority in respect of the aforementioned delayed disclosure."

SGX's Query:

5. **On Pg 27, the Company indicated "no" to the question (b) whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity of which Mr Tay Wee Kwang was a director…for the winding up or dissolution of that entity. or on the ground of insolvency." Please confirm whether this remains true in light of Mr Tay Wee Kwang's directorship in Hongwei Technologies Limited (in Provisional Liquidation) from 25 February 2010. Please substantiate with full details and explain the Board's basis for indicating "no" on Pg 27 of the Annual Report**

Company's Response:

Mr Tay who is seeking re-election had provided the Company with a negative response in respect of question (b).

The Company wishes to clarify that Mr Tay had been a non-executive and independent director of Hongwei Technologies Limited ("**Hongwei**"). Hongwei was a company incorporated under the laws of Bermuda whose main business was in the manufacture of polyester fiber for textiles, and its main operations and businesses were located in the Peoples' Republic of China.

Hongwei's shares were quoted on the SGX-ST. Hongwei was put into judicial management initially and then in provisional liquidation on 25 February 2010. This was approximately 9 years and 5 months ago.

Mr Tay has apologized to the Board for not correctly determining the period of time in response to question (b) as his response should have been "***yes***".

SGX's Query:

6. **On Pg 29, the Company indicated "no" to the question (j) whether Mr Tay Wee Kwang has ever been concerned with the management of conduct. of any entity. Which has been investigated for a breach of any law or regulatory requirement…". Please confirm whether this remains true in light of Mr Tay Wee Kwang's directorships in the following entities:**

   a. **Hongwei Technologies Limited (in Provisional Liquidation) from 25 February 2010. Please substantiate with full details of Mr Tay Wee Kwang's involvement in the company and investigations (if any). To explain the Board's basis for indicating "no" on Pg 29 of the Annual Report;**

   b. **Sino Techfibre Limited from April 2011. Please substantiate with full details of Mr Tay Wee Kwang's involvement in the company and investigations (if any). To explain the Board's basis for indicating "no" on Pg 29 of the Annual Report.**

Company's Response:

a) Mr Tay has since clarified with the Company that he was not a member of the management team of Hongwei nor did he hold any executive position in any of Hongwei's subsidiaries.

b) Mr Tay also clarified with the Company that in respect of Sino Techfibre Limited ("Sino Techfibre"), he was a non-executive independent director.

Sino Techfibre was a company incorporated under the laws of Bermuda and its main business was the manufacture of polyurethane (PU) and microfibre synthetic leather products. Sino Techfibre's main operations and business were located in the Peoples' Republic of China.

Sino Techfibre's shares were quoted on the SGX-ST. In 2011, the independent auditors queried the tax invoices issued by Sino Techfibre. The Audit Committee (of which Mr Tay was a member) commissioned a special audit to investigate the queries raised by the auditors.

Mr Tay was subsequently appointed interim CEO to work with SGX and the special auditor for further update.

While Mr Tay was interim CEO at the time of the special audit, his appointment arose solely due to the exigencies of the special audit investigation. Mr Tay had never been a member of the management of Sino Techfibre until the special audit investigations.

Mr Tay has explained to the Board and would like to inform shareholders and investors that there was no intention on his part to misrepresent or withhold material information regarding himself in respect of Hongwei and/or Sino Techfibre.

No action in respect of a breach or alleged breach of any regulatory requirement and/or rules or under any relevant laws was taken against him in respect of his role as non-executive and independent director of Hongwei and his role as non-executive and independent director, and later, interim CEO of Sino Techfibre.

Mr Tay has apologized to the Board for not correctly determining his response, which should have been "***yes***".

BY ORDER OF THE BOARD
BM MOBILITY LTD.

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