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 THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

The Board of Directors (the "**Board**") of BM Mobility Ltd. (the "**Company**") wishes to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 3 December 2019 (each, a "**SGX's Query**") as follows:

SGX's Query:

We refer to BM Mobility's / the Company's unaudited financial statements for the 2nd quarter ended 30 September 2019 filed on 13 November 2019.

1. **Please (i) provide the breakdown of "Cost of sales" of S$275k for half year ended 30 September 2019 ("HY2020") as a comparison with the breakdown of "Cost of sales" for half year ended 30 September 2018 ("HY2019"); and (ii) disclose the reasons why the cost of sales of $275k for HY2019 exceeded revenue of S$195k.**

Company's Response:

Cost of sales for HY2020 exceeded revenue for HY2019 was due mainly to customers' refund of approximately S$73,000 arising from the Group's start-up subsidiary, Uniride Ecotour Sdn Bhd., as it was unable to function in the ordinary course of business due to lack of funding support since the Group's going concern issue since July 2019.

(S$'000)	**HY2020**	**HY2019**
Purchases	41	125
Depreciation and amortisation	86	77
Customers' Refund	73	-
Other overheads	148	157
	275	**359**

SGX's Query:

2. **Please provide the breakdown of "Administrative expenses" of $386k for the 2nd quarter ended 30 Sep 2019 ("2Q2019") and "Administrative expenses" of $680k for HY2020. To disclose why administrative expenses were still so significant at $386k when revenue for 2Q2019 was only $49k.**

Company's Response:

The administrative expenses were significant as a percentage of revenue for 2Q2019 due mainly to staff and executive directors' salaries, as well as compliance costs incurred to remain as a listed entity (e.g. SGX related expenses, independent directors' fees, professional fees and printing of circulars for conducting general meetings). The Administrative expenses generally do not have a direct relationship with the revenue of the Group as these costs are general fixed in nature.

(S$'000)	2Q2019	HY2020
Salaries	159	333
Directors' fees	90	90
SGX related expenses	46	46
Professional fees	15	40
Printing	14	22
Rental	16	21
Others	45	128
	385	**680**

SGX's Query:

3. **"Other operating expenses" amounted to $1.5million for HY2019. (i) To disclose why the Group would not "support the carrying value of the intangible assets" and explain in detail what this statement means. (ii) To further elaborate on the bases for the full impairment of the intangible assets, noting that the Group has a technology licensing agreement with Eride.**

Company's Response:

In accordance with the requirements of SFRS (I) – 36, the intangible assets have been impaired as the management is of the opinion that the recoverable amount is below the carrying amount of $1.5 million. The management further made reference to the principles embodied in SFRS (I) – 38, paragraph 57, which deals with the criteria in capitalisation of intangible assets. Specifically, in the absence of the availability of adequate financial and other resources within the Group to use or sell the intangible asset, management made the decision to fully impair the intangible asset, being unable to recover any value from the intangible assets. Please also refer to the Company's response on question 5 below.

SGX's Query:

4. **Please disclose what is the status of the Group's technology licensing agreement with Eride entered into on 29 September 2018. To disclose the recurring revenue received from the technology agreement with Eride and provide a breakdown of the services rendered and billed by the Group to Eride.**

Company's Response:

The Group's technology licensing agreement with Eride was amended on 2nd May 2019. Both the Company and Eride had problems meeting their respective obligations as stated in the original agreement signed on 29 September 2018, specifically, clause 3.1 (d) and (g) for the Licensor, and clause 3.2 (v) for the Licensee; which in summary required the Company to set up the necessary Technology for the Eride's business, to provide marketing and promotion support for the business, and for the Licensee to conduct regular troubleshooting and preventive maintenance. As both the Company and Eride were unable to meet the terms of the original agreement, no further invoice was billed to Eride by the Company. The Company only billed the initial fee of RM400,000 which was fully repaid by Eride (please refer to announcement on 10 June 2019).

It was agreed by both parties that the Licensor shall undertake all operations and expenses and pay the Licensee 20% of the pre-tax profit of the business. Based on the supplemental agreement the dividend to Eride is not due. It will be a dividend payout. Currently revenue continued to be booked by Uniride. However, due to severe deterioration of the Group's financial position since May 2019 and the Company's suspension of trading since 30 July 2019, Uniride as a startup business face operational difficulties and hampered growth due to funding.

SGX's Query:

5. **At para 8(a)(vi), it was disclosed that: "As it is not foreseeable that the group can support the carrying value of the intangible asset, full impairment amounting to SGD 1.5 million was provided in Q2 FY2020"**

   (i) Please explain what forms the basis for the amount of S$1.5 million.

   (ii) Please provide a breakdown on the costs included in the intangible assets amounting to S$1.5 million and when was the cost included.

Company's Response:

Technology know-how refers to the Group's development of electric vehicle charging equipment technology solutions. Software applications refers to the development of the electric vehicle sharing applications. Trademarks relate to "Uniride" acquired by the Group.

The above costs were included after BM Mobility Ltd acquired Estar Investments Pte. Ltd. as its subsidiary in January 2018. Software development costs by the subsidiaries were progressively incurred in the last financial year from January 2018 to March 2019. For more information, please refer to the page 78 of the annual report 2018/2019 note 14 of the notes to the financial statements.

Intangible assets	Technology Know-How	Software Applications	Trademarks	Total
Cost (RMB'000) @ 31/3/2019	9,600	1,089	7	10,696
Cost (S$'000) @ 31/3/2019	**1,920**	**218**	**1**	**2,139**
Less: Amortisation Charge (RMB'000)	(1,714)	(531)	(1)	(2,246)
Amortisation Charge (S$'000)	**(343)**	**(106)**	**(0)**	**(449)**
Net book Value (RMB'000) @ 31/3/2019	7,886	558	6	8,450
Net book Value (S$'000) @ 31/3/2019	**1,577**	**112**	**1**	**1,690**
Less: Amortisation Charge (S$'000)	(107)	(36)	(0)	(143)
Net book Value (S$'000) @ 30/9/2019	**1,471**	**75**	**1**	**1,547**

SGX's Query:

6. **At para 8(a)(vii), the Company disclosed that:- "The net gain on disposal of subsidiaries was approximately SGD 11.8 million arising from deconsolidation; elimination of SGD 2.6 million net liabilities and statutory reserve of SGD 8.6 million, and SGD 0.6 million cash consideration."**

   (i) Please explain how was the figure of S$11.8 million derived, noting that the consideration for the disposal was only RMB 3 million, of which the Company has only received 75% of;

Company's Response:

By accounting rules, the sale value of the subsidiaries needs to be accounted fully even though the Company has only received 75% of the sale amount. The balance 25% of the sale value is recognised as "other receivables" of the Company's accounts.

	S$'m	S$'m
Writeback of subsidiaries' statutory reserves		8.6
Writeback of net liabilities owing to subsidiaries		2.6
Value of disposal of subsidiaries		0.6
Total		**11.8**
Less:		
Investment in subsidiaries	28.3	
Impairment of investment in subsidiaries	(28.3)	
Net Investment in subsidiaries		**-**
Net gain on disposal of subsidiaries		11.8

(ii) Please disclose how much of the consideration of the disposal remains outstanding by the purchaser to date and the Group's actions taken to enforce repayment of the same by the purchaser.

Company's Response:

The outstanding amount owing by the Purchaser is RMB750,000 or approximately S$150,000. The Company will need to obtain notice of registration issued by the PRC State Administration for Industry & Commerce in respect of the transfer of shares before it can ask for the balance of 25% Consideration and to enforce repayment thereafter. The Company was informed that the process will take a few of months before notice of registration can be received.

BY ORDER OF THE BOARD
BM MOBILITY LTD.

Joel Leong Kum Hoe
Non-Executive Chairman
5 December 2019