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 FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2019

The Board of Directors (the "Board") of BM Mobility Ltd. (the "Company", and together with its subsidiaries, collectively the "Group") refers to the Results Announcement released on 31 May 2019 ("Results Announcement"). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 6 June 2019 (each, a "SGX Query") as follows:

SGX's Query:

1. We refer to BM Mobility's / the Company's announcement dated 31 May 2019 pertaining to the Company's unaudited interim financial statements for the 15 months ended 31 Mar 2019 ("15M19"). The Group's revenue for 15M19 of RMB 4.125 million was less than the 12 months ended 31 Dec 2018 ("12M19") revenue of RMB 4.54 million. Please explain why there was a decrease in the Group's revenue at the end of 15M19, as compared to 12M19. Please also explain why the Company did not report any sales for 5Q2019.

Company's Response:

For the 3 months period ended 31 March 2019 (5Q19), the group reported negative revenue of RMB 416,000 due to the reversal of RMB 654,000 of Technology License Fee previously recognised in full. Under the new SFRS (I) 15, the Technology License Fee is to be recognized over time throughout the license period as the licensee receives and consumes the benefit from the Group's performance of providing access to its technology. Hence, recognition of the Technology License Fee was reversed in full and adjusted to be spread over a duration of 5 years in accordance with the Technology Licensing Agreement. Had the Technology License Fee being not reversed in full in 5Q19, the Group would have reported revenue of RMB 238,000 for 5Q19 and total revenue of approximately RMB 4.8 million for 15M19.

SGX's Query:

2. The Group's cost of sales amounted to RMB 2.096 million for 12M19. Please explain why the cost of sales increased to RMB 2.867 million for 15M19 when no sales were recorded in 5Q2019.

Company's Response:

The cost of sales appeared to be disproportionate in 5Q19 as the cost associated with the Technology License amounting to approximately RMB 350,000 was not reversed from the cost of sales. There was also an approximately RMB 300,000 of cost associated with charging stations in Beijing E-Star which was under recorded in previous quarter.

SGX's Query:

3. We note that administrative expenses for 12M19 amounted to RMB 9.447 million. At the end of 15M19, administrative expenses increased to RMB 15.733 million. Please provide a breakdown of the significant increase in administrative cost of RMB 6.286 million incurred in the 3 months ended 31 March 2019.

Company's Response:

The administrative cost of RMB 6.286 million incurred during 5Q19 mainly consist of the following:
(1) business operating expenses of 5Q19 amounting to approximately RMB 2.0 million.
(2) RMB 1.2 million of software development cost which was fully written off in 5Q19. Out of this RMB 1.2 million, approximately RMB 938,000 was previously recorded as software assets in 12M19.
(3) reversal of approximately RMB 2.0 million costs previously allocated to the Disposal Companies. There was no further allocation of costs to Disposal Companies in 5Q19.
(4) professional fees of approximately RMB 600,000 incurred for the disposal of the raw material business.

SGX's Query:

4. The Company had disclosed that 'other operating expenses' consisted mainly of amortization of intellectual property rights. The Company's other operating expenses amounted to RMB 2.8 million for 12M19 and RMB 4.278 million for 15M19, respectively. To elaborate on why the amortization for 5Q2019 of RMB 1.478 million was so significant compared to the 12M19 figure of RMB 2.8 million.

Company's Response:

The other operating expenses of RMB 1.478 million incurred during 5Q19 consist of the following:
(1) RMB 343,000 amortization of intellectual property rights of Beijing E-Star for the quarter.
(2) impairment loss on electric vehicle charging stations equipment assets of approximately RMB 110,000 under plant, property and equipment of Beijing E-Star.
(3) write off of approximately RMB 255,000 of inventory held by Beijing E-Star.
(4) approximately RMB 700,000 for provision for motor vehicles previously used for car sharing in universities which were replaced by e-bikes.

SGX's Query:

5. For 12M19, the Company's PPE amounted to RMB 3.8 million but decreased to RMB 2.148 million as at 15M19. The Company had disclosed that depreciation only amounted to RMB 0.71 million. In light of the depreciation amount, please reconcile why PPE amounted to only RMB 2.148 million as at 31 March 2019. To also explain the reasons for impairments or provisions.

Company's Response:

The difference in PPE of approximately RMB 1.65 million in 15M19 as compared to 12M19 include mainly the following:
(1) write off entire software development costs of approximately RMB 938,000 which was previously recorded as software assets in 12M19.
(2) impairment loss on electric vehicle charging stations equipment of approximately RMB 110,000 under plant, property and equipment of Beijing E-Star during the quarter.

SGX's Query:

6. For 15M19, the Group recorded goodwill of RMB 3.384 million. Please state how this goodwill of RMB 3.384 million was recognized.

Company's Response:

The goodwill of RMB 3.384 million arising from the acquisition of the e-bike sharing business in Malaysia which was completed in 14 February 2018. The goodwill is for contracts signed with several universities that Uniride Ecotour Sdn Bhd ("Uniride") can deploy e-bikes for sharing. Upon the completion, Uniride became a subsidiary of the Group, and is currently operating the e-bike sharing business in several universities in Malaysia.

SGX's Query:

7. For 15M19, the Group incurred a loss of "deemed disposal of associate" amounting to RMB 1.397 million. Please provide details of this transaction and how the amount of loss of RMB 1.397 million was derived. To also provide the computations under Listing Rule 1006.

Company's Response:

The deemed disposal of associate amounting to RMB 1.397 million is related to the acquisition of 65% of Estar Investments Pte Ltd ("Estar"). Estar was an associated company of the Group in 2017 before the Company further acquire an additional 20% of Estar.

Below is the working on the loss on deemed disposal of associate.

Gain / (loss) in derecognised investment in associate				
Group level				
			RMB	RMB
Fair value of previously-held intererest,45%				3,454,602
Less: Carrying amount				
Cost			5,847,953	
Share of loss in associate			(996,417)	
				4,851,536
				(1,396,934)

The computations under the Listing Rule 1006 is not applicable.

SGX's Query:

8. The Group had also incurred a net cash outflow of RMB 3.536 million on "the acquisition of subsidiaries". Please provide details of these transactions with substantiations.

Company's Response:

The net cash outflow of RMB 3.536 million on "the acquisition of subsidiaries" consist of the following:
(1) acquisition of Wanted Marketing Communication Sdn Bhd amounting to approximately RMB 1.5 million.
(2) acquisition of additional 20% of Estar Investments Pte Ltd amounting to approximately RMB 2.0 million.

SGX's Query:

9. At paragraph 8(a)(i) of the Company's announcement, it was stated "…revenue from technology licensing will be recognized over the contract period which is 5 years starting from next quarter…". Please elaborate on how "the revenue from technology licensing will be recognized over the contract period…" and how the amount of RMB 654K was derived. To disclose the party that will be receiving the revenue from this technology licensing agreement.

Company's Response:

Under the new SFRS (I) 15, the Technology License Fee is to be recognized over time throughout the license period as the licensee receives and consumes the benefit from the Group's performance of providing access to its technology. Hence, recognition of the Technology License Fee was reversed in full and adjusted to be spread over a duration of 5 years in accordance with the Technology Licensing Agreement.

As announced in Sep 2018, the Company entered into a Technology Licensing Agreement ("Tech License Agreement") with Eride Sdn. Bhd. for the purpose of operating e-bike sharing business in selected university in Malaysia. According to the Tech License Agreement, Eride (as the Licensee) shall pay a total of MYR 400,000 (equivalent to RMB 654,000) of one-time non-refundable payment to the Company. Full payment was received in 5Q19.

SGX's Query:

10. At paragraph 8(a)(v) of the Company's announcement, it was stated "The increase in administrative expenses [was in part due to] other professional expenses incurred for a number of corporate exercises undertaken by the Company during the period." Please provide a breakdown of these "other professional expenses" incurred in connection with the "corporate exercises undertaken by the Company" of RMB 12.63 million. To also disclose the "corporate exercises" undertaken.

Company's Response:

The other professional expenses incurred during the 3 months period ended 31 March 2019 is due to professional fees and other expenses of approximately RMB 90,000 for corporate exercise related to the Proposed Change of Auditor (including legal fees, scrutineer fee, printing of circular, EGM notice and venue and other professional expenses).

SGX's Query:

11. At paragraph 8(b)(vi) of the Company's announcement, it was disclosed that 'operating expenses' amounted to RMB 2,542,079. Please provide a breakdown of these 'operating expenses'.

Company's Response:

The other operating expenses increased by RMB 1.435 million from RMB 2.843 million (12M18) to RMB 4.278 million (15M2019) mainly due to the following:
(1) RMB 343,000 amortization of intellectual property rights of Beijing E-Star for the quarter,
(2) impairment loss on electric vehicle charging stations equipment of approximately RMB 110,000 under plant, property and equipment of Beijing E-Star,
(3) write off of approximately RMB 255,000 of inventory held by Beijing E-Star, and
(4) approximately RMB 700,000 for provision for motor vehicles previously used for car sharing in universities which were replaced by e bikes.

SGX's Query:

12. At paragraph 10, the Company did not provide a commentary of the significant trends and competitive concerns of the Green Energy business, in which the Group operates and any known factors or events pertaining to the Green Energy business that may affect the Group in the next reporting period and the next 12 months. Please disclose accordingly.

Company's Response:

The slow momentum of the economy and the prolonged trade war which now includes Huawei Technology will have an impact on the Group's operations.

The Group's e-bike sharing software is highly dependent on mobile devices. Members who are using Huawei's devices may not be able to fully integrate with our software if Huawei does not have access to Android OS update.

Over the next 12 months, the Group will work toward deploying more e-bikes / e-scooters or PMD (personal mobility device) into more universities.

BY ORDER OF THE BOARD
BM MOBILITY LTD.

Tay Wee Kwang
Executive Director and CEO
10 June 2019