

ASCENT BRIDGE LIMITED
(Incorporated in the Republic of Singapore)
Co. Registration No. 198300506G

ANNOUNCEMENT

RESPONSE TO SGX-ST QUERIES ON FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022 ("1H2022")

The Board of Directors ("**Board**") of Ascent Bridge Limited ("**Company**") refers to the queries raised by the Singapore Exchange Regulation ("**SGX RegCo**") and would like to provide further information.

Query from SGX-ST

1. In respect of the current other receivables of \$16,127,000, the Group disclosed advance payment to supplier and advances to related company amounting to \$4,644,000 and \$2,842,000 respectively.

Please disclose:-

- (i) a breakdown of the advances to supplier and related company and identify the nature of each of the material advances to supplier and related company;
- (ii) when the advances to supplier and related company were made, and the terms of the advances to supplier and related company, where applicable;
- (iii) rationale for provision of the advances to supplier and related company exceeding the cost of sales as at 30 June 2022;
- (iv) the identities of the supplier and whether they are related parties of the Group;
- (v) whether the Group has made any impairment of the advance payments to these supplier and related company for this financial period and whether the Group is still purchasing from them. Please provide the basis for the impairment; and
- (vi) what are the actions taken to recover the other receivables?

Company's Response

Question 1 (i), (ii), (iv) & (v):

Advance payment to a supplier

\$4,644,000 relates to payment made to a supplier based in China ("Moutai China") for purchase of Chinese Moutai Bulao 125ML liquor ("Moutai Bulao") upon signing of the purchase agreement. Pursuant to the agreement, full payment needs to be made before shipment of the products. For the avoidance of doubt, save for MTBL's appointment as the distributor of Moutai Bulao, Moutai China is an independent 3rd party that is not related to the Group.

In September 2022, the purchased Moutai Bulao products have been fully received. As such, there is no impairment of the advance payment made to the supplier.

Advances to related company

\$2,842,000 related to the Group's share of one-off business joint venture transaction of buying , selling and marketing of Moutai Bulao,125ML Liquor (the "Products") with Capital Impetus Group Limited ("CIG", a related company) in 2020 ("Business Corporation"). The purpose of the Business Corporation is to allow the Group to undertake market testing as to the feasibility of entering into the new business of the production, sale and distribution of food and beverages (including, in particular, liquors and alcoholic beverages) prior to the acquisition of MTBL Global Pte Ltd ("MTBL"). The sales and distribution of the Products was to be carried out by MTBL, with the Group having a half share of any resulting profit or loss.

Due to the COVID-19 pandemic restrictions, MTBL group was unable to carry out marketing activities to develop new markets from March 2020 to April 2022, which severely affected MTBL performance in FY2020 and FY2021. As a result, certain portion of Products remained unsold as at 30 June 2022.

The advances are unsecured, non-interest bearing and repayable on demand. It is expected to be settled following the sale of all Moutai Bulao products purchased in connection with the Business Corporation and determination of the resulting profit or loss to each of the Company and CIG. Thus, there is no provision of impairment of advances to related company required.

Question 1 (iii):

These were purchase of goods for subsequent sales and not related to the current financial period ended 30 June 2022. And, the cost of sales as at 30 June 2022 relates to sales in 1H2022.

Question 1 (vi):

These other receivables are neither due or impaired and the Group is closely monitor its collectability.

Query from SGX-ST

2. Please explain why interest income amounted to only \$6,000 during the financial period ended 30 June 2022 when the Company has significant cash and cash equivalents amounting to \$12,987,000.

Company's Response

The low interest income earned during the financial period ended 30 June 2022 was mainly due to the low interest rates environment and premature withdrawn of two fixed deposits for payment for acquisition of MTBL Global Pte. Ltd. and its subsidiaries ("MTBL Global group") (\$11,400,000) and refundable deposit (\$5,000,000) paid for acquisition of Octopus group during the period.

Query from SGX-ST

3. Please disclose a breakdown of current trade and other payables amounting to \$544,000 and \$849,000 respectively. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's Response

Trade and other payable

	30 June 2022
	\$'000
Trade payables	544
Other payables:	
- Third parties	182
- Accrued expense	
o Accrued salary and CPF for June'22	109
o Accrued professional fees	351
o Accrued Q2 directors' fees	106
o Provision for reinstatement cost	40
o Accrued operational cost	<u>61</u>
	667
Total other payables	<u>849</u>

Aging of other payables to third parties:

	Current	<30 days	31-60 days	61-90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Other payables to third parties	51	109	22	-	182

Query from SGX-ST

4. Please provide the reason(s) for the trade and other payables of \$1,393,000 when the Group recorded a cash and cash equivalents of \$12,987,000.

Company's Response

Trade and other payable are non-interest bearing and normally settled on 30-90 days' term. As disclosed in Question 3, aging of other payables to third parties are all less than 60 days.

By Order of the Board

Foo Soon Soo
Company Secretary

3 October 2022