ASCENT BRIDGE LIMITED

(Incorporated in the Republic of Singapore)

Co. Registration No. 198300506G

ANNOUNCEMENT

ANNUAL GENERAL MEETING FOR FINANCIAL YEAR END 31 DECEMBER 2021
RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS

The Board of Directors of Ascent Bridge Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the notice of the annual general meeting and the annual report for the financial year ended 31 December 2021 ("FY2021") issued on 11 April 2022.

The Company's response to the substantial and relevant questions which relate to the proposed resolutions in the notice of the annual general meeting are set out in the attached Appendix.

By Order of the Board

Foo Soon Soo
Company Secretary

23 April 2022

Appendix

Directors' fees for FY2021

Question 1

What are the justifications for the increase of directions' fee from SGD257,000 for FYE2020 to SGD408,000 for FYE2021 when the performance in FYE2021 was worse off than in FYE2020 when we were to exclude the property disposal gain?

Why is the Directors' fee being raised from $250,000 to $408,000 despite the lacklustre performance over the last few years?

I noted that if the one-time profit on disposal of property was excluded, the company's results were worse than 2020's, what is the justification to propose such a huge increase in fee especially the majority of the directors were only appointed in 2021?

Company's response

The Company has a framework of Directors' fees setting out the fee to a Director for his duties as a director and the fees for additional responsibilities in his capacity as chairman of the board, lead independent director, chairman of a Board Committee or member of a Board Committee (namely the Audit & Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**")).

The RC reviewed the fee structure for FY2021 took into account the increased responsibilities and regulatory requirements, the amount of work involved in 2021, new strategies of the Company going forward and time commitment of the Directors.

Framework of Directors' fees:

	FY 2020	FY2021
	$	$
Basic Director's fee	40,500	60,000
Board Chairman	9,500	18,000
AC Chairman	4,500	12,000
NC Chairman	0	8,000
RC Chairman	0	8,000
Lead Independent Director	0	15,000

There has been no increase in the basic director's fee since 2016, notwithstanding increasing responsibilities and duties of the Directors arising from more governance, regulatory and listing compliance imposed by the 2018 Code of Corporate Governance, Companies Act and the Listing Manual.

In 2021, the Company was still restructuring under the Group's transformation to diversify into sustainable core businesses with recurring revenue streams while facing challenging and uncertain economic conditions caused by the COVID-19 pandemic. To meet these challenging times, there were 20 Board and Board Committee meetings and, including several meetings by the Directors outside the boardroom to attend to the Group's affairs, aggregating about 30 meetings.

In 2021, under the Board's stewardship, the Company successfully carried out the following corporate actions:

- Disposal of Penjuru Property for S$19 million
- Capital reduction and cash distribution of S$19,700,265 amounting to S$0.36 per share to shareholders
- Following the Company's announcement of the aforesaid cash distribution, the Company successfully raised funds of $12.8M arising from the exercise of the Company's warrants prior to the expiry of the warrants on 27 May 2021
- The Company's return to profitability in FY2021

The Company announced the proposed acquisition of MTBL Global Pte Ltd ("MTBL") at the end of 2020. The Directors, (comprising 3 new Directors) worked incessantly throughout 2021, clocking numerous hours to fulfill the conditions precedent and the regulatory approvals including the clearance for the circular to shareholders on the proposed acquisition with the Singapore Exchange Securities Trading Limited. The acquisition was finally completed in March 2022.

Prior to 2021, other than a fee paid to the chairman of the ARC, no fee was paid in recognition of the duties and responsibilities of the chairman of the board, the lead independent director, chairmen of the NC and RC or members of the NC, RC and ARC.

The RC's duties have expanded with increased governance and disclosures relating to remuneration of directors, key management personnel and family members of substantial shareholders. directors and CEO. The NC's duties too have expanded with increased governance and disclosures relating to board composition and diversity, appointment of directors and key management personnel and directors' training. The ARC's duties have become increasing more onerous over the years to include oversight of the whistleblowing function as well as to keep pace with continuing amendments to the financial reporting standards as well as increased scrutiny and vigilance by the Exchange and stakeholders into the integrity of the financial statements.

The RC has considered generally the director fee levels of other listed companies. The Group is in the early stage of its transformation drive to diversification of its businesses and in line with this, the Directors are meeting more often, with longer hours in meeting sessions and in discussions to achieve the Group's strategies and objectives. Furthermore, with the extensive corporate activities, the directors and the board committee members have exercised correspondingly greater oversight, diligence and time commitment and efforts as directors, and where applicable as board committee members as shown by the number of meetings in and out of the boardroom, as compared with other listed companies. The inordinate amount of work and efforts put in by the Directors in FY2021 had brought about successful outcomes from the corporate exercises as mentioned above. Based on the foregoing, the RC considers the revised framework of fees for FY2021 as justifiable and the Board has endorsed the revised framework. The Directors are paid fees in accordance with the revised framework, and in line with Provision 7.2 of the Code.

Shareholders have expressed that the directors' fees be measured against the losses incurred by the Company (excluding the one-off gain from the sale of the Penjuru property).

The Group, with its core aluminum business, has been incurring losses in the past few years resulting in it being on the watch-list prior to the current new directors being brought on board. It is the mission of the new board since the current controlling shareholder took over in 2018 to initiate a diversification to profitable recurring businesses. The work of the Directors, continuing into 2022, has seen the Company achieved a significant milestone with the completion of the acquisition of MTBL Global Pte Ltd ("**MTBL** ") as announced in March 2022. This marks the first major initiative for diversification and growth of the Group into the production, sale and distribution of food and beverages (including, in particular, liquors and alcoholic beverages). The Group, through MTBL, now owns the exclusive global distributor rights (excluding Mainland China) to market and sell Moutai Bulao 125ml liquor product, one of the most valuable spirits brand worldwide. This new core business will potentially drive the Group's revenue and profitability into 2022 and the years ahead.

In addition, in accordance with SGX Mainboard Rules, Directors' fees, especially for Non-Executive Directors, are fixed fees, not commissions or percentage of turnover or profits, that are commensurate to responsibilities, time and effort expended by these Directors.

Question 2

Since the Directors are rewarding themselves with huge fee increases, shouldn't the shareholders receive some dividend as well?

Company's response

As set out in the Company's response to Question 1, the Directors' fees are in relation to their exercise of oversight and diligence as well as the increased time commitment and efforts expended by the Directors and where applicable as Board committee members.

The Board had successfully completed the sale of the Penjuru property in FY2021. In this connection, the Company had carried out a capital reduction to return to shareholders surplus capital by way of a cash distribution of S$0.36 for each ordinary share held by the shareholders in 2021. The cash distribution was funded mainly from the proceeds of the sale of the Penjuru property.

While the shareholders have pointed out that excluding the one-off gain from the sale of the Penjuru property, the profit in 2021 would turn to a loss. As the Company incurred a loss in FY2021, it could not pay any dividend. However, for the benefit of the shareholders, the profit from the sale of the Penjuru property was "dividend" out to shareholders by the cash distribution of S$0.36 per share.

Question 3

What are the measures taken by the Board to avoid conflict of interest issues in proposing to increase the fee for themselves?

Company's response

The RC reviews the framework of Directors 'fees. Under the framework, a Director would be paid a fee in accordance with his statutory duties and the duties under the listing rules, as well as the amount of work and time commitment as demanded by the corporate activities and related oversight required of each director. Thereafter, a fee is given based on the role as board chairman, chairman or member of a board committee. That framework is reviewed and endorsed by the Board. Once the framework is set, a director is paid in accordance with the framework.

Question 4

Did the Board seek advice from any external consultants to justify the increases?

Company's response

The Board has not used the service of external consultants. The Board would consider such service if it deems necessary.

Question 5

I noted that there are two non- executive and non-independent directors on the Board. Are they receiving the same amount of directors 'fee as the independent directors? if so, what are the justification?

Company's response

The non-Executive and non-Independent Directors, like any other board directors, are paid basic directors' fees in accordance with the framework of directors 'fees reviewed by the RC and endorsed by the Board. They do not sit on any Board committees.

Directors' fees for FY2022

Question 6

What is the basis for approving FY 2022 directors' fee when the current financial year is only quarter through? Are the directors very confident that the Group will be profitable in 2022? if so, shouldn't the company declare dividend for shareholders now?

There was no precedent of such resolution proposed in any AGM for past years in the company's history, neither it is common in most of the listed companies in Singapore.

By approving the FY 2022 directors' fee now and making it payable quarterly, how is this progressive payment of directors' fee going to motivate directors to ensure that the financial performance of the Group can be sustained?

Company's response

The RC has considered that the framework of Directors' fees for FY2021 would be applicable for FY2022 justified as follows.

As mentioned earlier, the Directors had continued their work and efforts into 2022 to see through the completion of the acquisition of MTBL in March 2022. The Board has to now commit more hours and efforts with the Management Team for the new core business to deliver the results to shareholders. The Board is actively working with MTLB management and external professional parties, to review the strategies, operations and processes, governance and risk management in the new core liquor business to deliver desired results to shareholders. In addition, the Company is actively seeking to expand its footprint in the liquor business globally with MTBL seeking to open distribution channels as a start into US and Hong Kong and entering into more franchise arrangements.

The Board is also actively looking into options to stamp the losses of the existing aluminum extrusion business. At the same time, it is continuing with the momentum in its diversification, leveraging on the new core business, to identify and seek profitable potential targets for acquisition, partnership or co-operation. The Board is expecting a full busy schedule ahead in 2022.

The approval sought from shareholders for the Directors' fee for FY2022 would enable the Company to compensate the Directors for their work in arrears on a quarterly basis, instead of in arrears about 16 months later. The Board is not a sitting board. It is led by the Chairman who is a controlling shareholder and is in the same position as all other shareholders to want the Company to be successful and be able to reward shareholders with dividends. The Board under the leadership of the Chairman, remains motivated and committed to work to the success of the Group.

Until the Company makes profit, the Company is unable to pay dividends. The Board seeks the shareholders' patience and understanding for it to deliver results.

Acquisition of MTBL Global Pte Ltd ("MTBL")

Question 7

Please let me know the roles of the two non-executive and non-independent directors in the acquisition of the IPT business of MTBL? Are they in anyway related to the vendors? If they are indeed related, what control measures were put in place to avoid any potential conflict of interest, if any?

Company's response

The two Non-Executive and non-Independent Directors are not related to the vendor.

As set out in the circular to the shareholders on the proposed acquisition of MTBL dated 9 February 2022, the Board collectively including the 2 Non-Executive and Non-Independent Directors but excluding Mr Sun and his associates as interested persons, had evaluated the proposed acquisition of MTBL and given its view that the acquisition as an interested person transaction was conducted on normal commercial terms and was not prejudicial to the interests of the Company and its independent shareholders.