

**ASCENT BRIDGE LIMITED**  
(the “**Company**”, together with its subsidiaries, the “**Group**”)  
(Company Registration No.: 198300506G)  
(Incorporated in the Republic of Singapore)

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**ENTRY INTO A NON-BINDING LETTER OF INTENT FOR POTENTIAL  
ACQUISITION AND BUSINESS EXPANSION IN CHINA MARKET**

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**I. Introduction**

The board of directors (the “**Board**”) of Ascent Bridge Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 8 December 2023 entered into a non-binding Letter of Intent (“**Letter of Intent**”) with Dong Ying Quan Li Quan Wai International Trading Co Ltd in relation to the potential acquisition of baijiu business in China.

**II. Background Information on Dong Ying Quan Li Quan Wai International Trading Co Ltd**

Dong Ying Quan Li Quan Wai International Trading Co Ltd (“**QLQW**”) is an international trading company incorporated in the People’s Republic of China primarily involved in importing and exporting goods, including the sale of pre-packaged food and alcoholic beverages.

QLQW was appointed to be the global exclusive distributor of Moutai Bulao 125 ml liquor (the “**Product**”) by Kweichow Moutai Winery (Group) Health Wine Co Ltd, a subsidiary of Shanghai Exchange-listed Kweichow Moutai Co., Ltd. The Product is the top selling premium baijiu, a type of alcoholic beverage, in Mainland China as well as in many other markets.

**III. Rationale for entering into the Letter of Intent and the Salient Terms of the Letter of Intent**

The Company understands that should the proposed Acquisition proceeds successfully, the Group will stand to benefit and grow from gaining an existing foothold in the distribution of the Product in Mainland China. The objectives in entering into this Letter of Intent, include but are not limited to the following:

- (a) with the goal of improving the presence of the Company in the baijiu industry through already established avenues, the Parties have agreed in principle to set up a Joint Venture Company to facilitate the Company’s entry into the baijiu market in Mainland China, which is one of the biggest markets for the consumption of baijiu, with the intention to broaden the Group’s revenue streams;

- (b) through the acquisition of QLQW distribution rights in Mainland China, among others, to promote the Product and develop other brands in the baijiu industry with existing resources and channels in Mainland China;
- (c) other area(s) of collaboration, including but without limitation, include business development and other joint ventures which include potential collaborators deemed necessary and appropriate by both Parties to effect the purpose of the Letter of Intent.

**Salient non-binding terms of the Letter of Intent include:**

- (a) Parties shall designate Ascent Bridge (Hainan) Co Ltd (“**ABH**”), a wholly owned subsidiary of the Company, as the Joint Venture Company of the Parties;
- (b) ABH shall issue 49% shares to QLQW. The proposed registered share capital is RMB 100 million. Both Parties shall contribute to the proposed registered share capital in proportion to their respective shareholdings in ABH as working capital;
- (c) ABH shall acquire, from QLQW, (1) the distribution rights in Mainland China for the Product, and (2) manpower and logistical infrastructure related to the sales of the Product in Mainland China, including the distribution channels and distribution and sales team (the “**Acquisition**”);
- (d) The valuation of the Acquisition by ABH will be subject to an independent professional valuer’s report and approval from the Company’s Board, and it has been agreed in principle in the Letter of Intent that the valuation of the Acquisition shall not exceed SGD 7 million;
- (e) QLQW shall commit to achieving an agreed sales target of the Product for 5 consecutive years. In return, the Company shall commit to buyback QLQW’s shares in ABH in separate tranches over the 5 years in a mode to be agreed upon. The value of 49% of QLQW’s shareholdings in ABH shall be fixed at RMB 49 million. However, the final details of the buyback scheme are subject to further discussions in a separate agreement to be confirmed;
- (f) The Letter of Intent is valid for 3 months upon signing of the letter and either party may cease negotiations and discussions at any point in time, although at the time of writing, both sides have expressed a commitment to proceed; and
- (g) QLQW shall ensure to maintain its global distribution rights of the Product as a precedent condition of the Acquisition.

#### **IV. Further Announcements**

The Company will make relevant updated announcements as may be required under Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual to inform its shareholders of any updates or developments of the matters above in due course, including the entering into any definitive agreements pursuant to the Letter of Intent, if any.

#### **V. Cautionary Statement**

Shareholders are advised to exercise caution in trading their shares of the Company as the Letter of Intent is technically non-binding and subject to various conditions precedent and there is no certainty or assurance as at the date of this Announcement that the proposed Joint Venture will be entered into and completed or that any collaborations will be undertaken at all. The Company will make the necessary announcements when there are further developments on the proposed Joint Venture.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions that they should take.

#### **VI. Interest of Directors and Controlling Shareholders**

None of the directors or the controlling shareholders of the Company has any direct or indirect interest in the Letter of Intent, save through their shareholding interests in the Company.

**By Order of the Board**

**Sun Quan**

**Executive Chairman**

8 December 2023