

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

ANNOUNCEMENT

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Ascent Bridge Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 4 December 2019.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide an update as follows:

(1) Acquisition of baijiu business in China

The Company announced on 8 December 2023 that it had entered into a non-binding letter of intent (“**Letter of Intent**”) with Dong Ying Quan Li Quan Wai International Trading Co Ltd (“**QLQW**”) in relation to the potential acquisition of baijiu business in China.

In an announcement on 7 February 2024, the Company updated shareholders that its wholly-owned subsidiaries (a) Ascent Bridge Singapore Pte Ltd, (b) Ascent Bridge (Hainan) Co., Ltd established in China, and the Company itself, had entered into a definitive Joint Venture Agreement (“**JVA**”) with QLQW pursuant to which the parties to the JVA have agreed to utilize and designate Ascent Bridge (Hainan) Co., Ltd to be the joint venture vehicle wherein the parties would co-operate and collaborate with each other and other potential partners to sell, distribute and supply baijiu in China.

QLQW was appointed to be the global exclusive distributor of Moutai Bulao 125 ml liquor by Kweichow Moutai Winery (Group) Health Wine Co Ltd, a subsidiary of Shanghai Exchange-listed Kweichow Moutai Co., Ltd.

The Group will stand to benefit and grow from gaining an existing foothold in the distribution of baijiu in China.

Please refer to the said announcement on 7 February 2024 for more details.

(2) Proposed Rights issue

On 8 December 2023, the Company announced a proposed rights issue of up to 87,072,231 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.24 for each Rights Share on the basis of one Rights Share for every one ordinary share in the capital of the Company, excluding treasury shares.

The Company had submitted the circular on the rights issue to Singapore Exchange Regulation (“**SGX**”) for review and clearance, following which, it will be seeking specific approval of the shareholders at an extraordinary general meeting to undertake the Proposed Rights Issue, including the allotment and issue of the Rights Shares to be convened at a date to be determined.

The Company will update the shareholders on the progress of the rights issue, as and when applicable.

(3) Refundable deposit relating to the proposed acquisition of 80% equity interest in Octopus Distribution Pte. Ltd., 80% equity interest in Nereus Cape Pte. Ltd. (formerly known as Cape Exim Pte. Ltd.) and 39.2% equity interest in Luen Heng F&B Sdn. Bhd.

There have been no material developments further to the circulation of the proposed settlement agreement to Octopus Investment Pte Ltd. and Octopus Global Holdings Pte. Ltd. (the “**Octopus Group**”) (as announced on SGXNet on 2 October 2023). The Octopus Group has not agreed to any commercial settlement to date. The Company has reserved its rights in the matter.

At the present juncture, the Board has decided to prioritise the acquisition of the baijiu business in China and to attend to fund-raising activities (including the rights issue) to ensure the Company has sufficient funds for its acquisitions to turn the Company into profitability and to exit from the Watch-List.

The Company will update the shareholders as and when there are any further developments.

(4) Sales proceeds from the disposal of the Company’s aluminium extrusion business

The purchaser had repaid S\$200,000 on 1 April 2024. The Company will continue to engage the purchaser to seek payment of the balance of the proceeds of S\$1 million.

(5) Financial performance and financial position

The Group reported a net loss after tax of \$2.9 million for the six months ended 30 September 2023 (“**1H FY2024**”) as compared to a net loss after tax of \$4.6 million for the six months 30 September 2022 (“**1H FY2023**”).

The improvement in business is demonstrated in the Group’s marked improvement in its financial results for 1H FY2024: ~300% increase in revenue, ~14% increase in gross margin, ~30% reduction in selling and distribution costs, ~ 9% reduction in general administrative expenses resulting in~ 37% reduction in losses, each relative to 1H FY2023.

Please refer to the financial statements of the Group for the half year results ended 30 September 2023 released on SGXNet on 10 November 2023 for more details.

(6) Option relating to the acquisition of MTBL Global Pte Ltd

The Company refers to the announcements on the acquisition of MTBL Global Pte Ltd (“**MTBL**”) on 31 December 2020, 28 January 2022, 4 February 2022, 9 February 2024, 3 March 2022 and 16 March 2022 (“**Previous Announcements**”).

Unless otherwise stated or the context otherwise requires, all capitalised terms used in this announcement shall have the meanings ascribed to them in the Previous Announcements.

Under the conditions of the sale and purchase agreement relating to the acquisition of MTBL, the Group is granted the right (but not the obligation) to require the vendor to purchase from the Group the entire issued shares of MTB ("**Option**") if the first trigger event occurred, which is the failure by the Target Group to meet the adjusted FY2023 profit before tax for the financial period from 1 January 2023 to 31 December 2023, subject to a decision by the Audit Committee ("**AC**") of the Company to exercise the Option.

In an announcement on 5 February 2024 pertaining to the Company's response to queries from SGX, the Company had provided the following information:

1. MTBL recorded a loss of about 2.9 million for the financial period from 1 January 2023 to 31 December 2023. The first trigger event had occurred.
2. The AC had decided that it would be in the best interest of the Company and minority shareholders for the Company to continue with the MTBL global distribution business (ex-China). If the Option were to be exercised, the Company will be a cash company and its trading suspended thus, not in the best interests of shareholders among other justifications as set out in the announcement. The AC has reserved the Company's rights with respect to the Option.

Please refer to the announcement on 5 February 2024 for more details.

(7) Update on future direction

The acquisition of the baijiu business in China is an opportunity for the Group to extend its footprint to the baijiu industry in China and improve its financial performance.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

2 April 2024