

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

ANNOUNCEMENT

RESPONSE TO SGX-ST QUERIES RELATING TO COMPANY'S ACQUISITION OF MTBL GLOBAL PTE LTD

The Board of Directors ("**Board**") of Ascent Bridge Limited ("**Company**") and together with its subsidiaries, ("**Group**") refers to the announcements on the acquisition of MTBL Global Pte Ltd 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.

The Board refers to the queries raised by the Singapore Exchange Regulation ("**SGX**") and would like to provide further information.

Query from SGX

What is the financial performance of the Target Group for the year ended 31 December 2023?

Company's Response

Based on unaudited management accounts, MTBL Global Pte Ltd ("**Target**") and its subsidiaries (collectively "**Target Group**") recorded a loss of circa S\$2.9 million for the financial period commencing from 1 January 2023 to 31 December 2023. Notwithstanding, the Target Group recorded a 97% increase in revenue over the same period as compared to 2022.

Query from SGX

Has any of the Option Trigger Event occurred?

Company's Response

Yes. The Company has the right to exercise the Option to require Capital Impetus Group Limited to purchase all the shares of the Target if the Target Group does not achieve audited profit before tax (disregarding amortisation of distribution rights) of at least S\$4.0 million for the financial year ended 31 December 2023.

Query from SGX

Is the Company intending to continue with the MBTL business or to exercise the Option? Please provide us with the AC's assessment of both scenarios and the possible impact on the Company resulting from the respective scenarios. Please provide the estimated timeline and milestones on the AC's assessment and the disclosure of such assessment and decision to investors and shareholders. Has any of the Option Trigger Event occurred?

Company's Response

The AC has decided it is, for the time being, in the best interest of the Company and minority shareholders for the Company to continue with the MTBL global distribution business (ex-China).

Reasons being:

1. The baijiu industry has shown resilience and sustainable growth prospects attributable to continuous growth in workers' per capita income, consumption upgrading and opportunities in lower-tier cities in China¹.

Case in point – Kweichow Moutai's revenue and profit grew 16.5% and 19.1% respectively during the 9-month period ending 30 September 2023, despite a challenging economy in China during the same period¹.

2. More time should be given to new MTBL distribution channels established outside China in the last 12-24 months to grow. These include presence in 20 global cities including 6 in USA, duty free sales in 10 countries and 16 international airlines. The Target Group will monetise these distribution channels via bundle sales of various MTBL SKUs and localised marketing programs to strengthen awareness and demand.
3. By virtue of the MTBL global distribution license (ex-China) secured by the Company's Group CEO Mr. Sun Quan, the Target Group has access to, and is currently negotiating with Dong Ying Quan Li Quan Wai International Trading Co Ltd ("QLQW"), the sole authorised distributor of MTBL in China, to explore opportunities in China. This will enhance Target Group's future growth as unlike international markets, there is already strong brand awareness and consumption of baijiu in China. In addition, this exercise will allow the Target to be a truly global distributor of MTBL products, and meet increased demand outside China generated by recent and future visa-free travels between China and various countries.

Mr. Sun Quan, as Group CEO, has forecasted that, with various new business initiatives to be implemented and favourable tailwinds including Visa free travel between Singapore and China, the Target Group will achieve at least S\$8.0 million of adjusted profit before tax (disregarding amortisation of distribution rights) by end of FY2025. Once this is achieved, the Option will cease to be exercisable by the Company.

The AC will commission an independent review of Management's sales and financial forecasts, in particular the reasonableness of assumptions with reference to past historical sales, marketing programs and related economic and market conditions.

The AC will hold Mr. Sun Quan accountable to half yearly performance milestones set out in Management's sales and financial forecasts. Any significant deviation therefrom will be considered by the AC on whether to exercise the Option. To avoid doubt, the AC has expressly reserved its right to exercise the Option despite deciding not to do so now. Its decision not to exercise the Option now does not constitute a waiver of its rights.

For completeness, the AC is of the view that, for the time being, the Company and minority shareholders' interest will not be served for the Company to exit from the MTBL distribution business at this juncture. Reasons being:

1. upon exercise of the Option, the Company will be a cash company and its trading suspended thus, not in the best interests of shareholders; and
2. the projected forecasts show that the probability of the Target Group meeting its forecasts by FY25 is higher than the probability of the Company identifying a suitable target (to directors, SGX and shareholders), negotiating the terms of acquisition and successfully closing by FY25.

This response will be disclosed in the circular for the proposed rights issue which was announced on 8 December 2023.

¹ <https://www.globaltimes.cn/page/202210/1277083.shtml>

By Order of the Board

Sun Quan
Executive Chairman

5 February 2024