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

ANNOUNCEMENT

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

The Board of Directors of Ascent Bridge Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to questions raised by the Securities Investors Association (Singapore) and the Company's response thereto.

Q1. During the year, the group expanded its premium Baijiu portfolio from a single SKU to three core SKUs: Moutai Bulao, JiuGui and Lang Jiu. The group also extended its duty-free footprint to 17 countries, with products sold at key international airports in those markets. In the duty-paid segment, the group's network now covers 25 cities across 14 countries.

However, for the financial year ended 31 March 2025, revenue fell by nearly 45% from $3.73 million to $2.06 million. Management attributes the decline mainly to reduced demand in the duty-paid segment in Hong Kong, Macau, Cambodia, Korea and Vietnam.

Net loss for the year was $(2.98) million (2024: $(4.67) million).

	Note	2025 $'000	2024 $'000
Revenue	4	2,060	3,731
Cost of sales		(1,200)	(2,220)
Gross profit		860	1,511
Other operating income	5	65	58
Other gains/(losses), net	6	2,086	4,409
Expenses			
- Selling and distribution		(863)	(1,239)
- General and administrative		(5,198)	(9,514)
Loss from operating activities		(3,050)	(4,775)
Finance cost	9	(20)	(37)
Finance income	10	1	46
Loss before income tax		(3,069)	(4,766)
Income tax credit	11	94	95
Net loss		(2,975)	(4,671)

(Source: company annual report; emphasis added)

(i) For the benefit of shareholders, can the company explain its competitive advantage, if any, in baijiu distribution and detail how management creates and captures value in its business model (across both duty-free and duty-paid channels)?

Company's response

The Group's competitive advantage in Baijiu distribution lies in its unique global focus and ability to operate across both duty-free and duty-paid channels. While most overseas distributors are confined to either domestic duty-paid markets or limited duty-free/trading channels, the Group's integrated approach provides broader market reach and balance across segments.

Leveraging its exclusive global distribution rights for Moutai Bulao, the Group has an established platform to distribute premium Baijiu worldwide. This enables the expansion of its product portfolio, increases brand awareness, and supports sustainable growth in sales. Unlike many distributors that primarily target Chinese diaspora consumers, the Group focuses on reaching broader local end-consumers across both on-trade and off-trade channels, building long-term brand equity globally.

The Group's experienced leadership and dedicated team bolster its standing. Through this combination of exclusive rights, comprehensive global channel coverage, a robust brand-building strategy, and expert execution, the Group is poised to generate and capitalize on value within its business model.

(ii) Given that employee compensation (Note 8) been greater than revenue over the past two years, what specific guidance has the board provided to management to optimise its cost structure and to align expenses with revenue?

Company's response

The Board is cognizant that employee compensation has exceeded revenue over the past two years and has directed management to rectify this imbalance. To address this issue, management has been reviewing the Company's cost structure, including measures such as the reduction in headcount, which resulted in S$1.61 million decrease in salary expenses in FY2025. These initiatives are part of ongoing efforts to improve efficiency and better align expenses with revenue. Concurrently, management is focused on bolstering revenue performance by exploring opportunities to expand sales, strengthen market presence, and drive sustainable business growth.

(iii) Why have inventories and trade receivables not grown in tandem with the business expansion?

Company's response

Inventories and trade receivables have not grown in tandem with the business expansion. Although the business expanded with the introduction of new SKUs, the related inventories were delivered to the Company after 31 March 2025. Trade receivables have been collected on a timely basis, which has moderated their growth despite the business expansion.

(iv) Can management outline a clear pathway to profitability, including specific operational and financial milestones, associated timelines, key performance indicators (KPIs) and responsible owners?

Company's response

Management is focused on achieving sustainable profitability through operational efficiency, cost management, revenue growth, and new product initiatives. Key measures include optimising the cost structure, expanding distribution channels, increasing SKUs, and strengthening domestic and international partnerships.

For operational milestones, the Group aims to expand global duty-free markets from the current 17 duty-free markets and secure new duty-paid partnerships in three key strategic markets covering regions including Africa, South America, and Europe within the next 2 years. The product portfolio will be broadened beyond existing SKUs, with complementary SKUs selectively introduced to target multiple consumer segments.

Consumer education programs, tastings, and cultural activations are being implemented to position Baijiu as a premium international spirit and expand the global consumer base.

The Group is focused on achieving key financial milestones, including year-on-year revenue growth and reaching breakeven. To measure progress, the management will track KPIs such as revenue growth rates, profitability, market expansion, and the rate of new SKU launches. The joint chairman, joint CEO, and key management team will oversee these initiatives, adapting strategies as needed to respond to market conditions and business priorities.

In addition, revenue from the Chang Chang card segment was only $1,000 in 2025.

(v) Has management obtained any compelling evidence demonstrating the viability and potential scalability of the Chang Chang business model?

Company's response

Management continues to evaluate the viability and potential scalability of the Changchang business model and is actively exploring opportunities to boost its commercial potential, including potential synergies with complementary businesses.

Q2. The independent auditors issued a disclaimer of opinion on the company and group financial statements for the financial year ended 31 March 2025. The auditor's basis for disclaimer of opinion includes:

- **Opening balances**
- **Impairment assessments of the group's property, plant and equipment, right-of-use assets, intangible assets and derivative instruments**
- **Expected credit losses on the group's amount due from a related party, deposits and prepayment**
- **Expected credit losses on the company's amounts due from subsidiary corporations**
- **Going concern**

The auditors stated that they were unable to obtain sufficient appropriate audit evidence and that information provided by management had been insufficient. The independent auditor's report can be found on pages 99 to 105 of the annual report.

The members of the audit & risk committee (ARC) are Mr Siow Chee Keong (chairman), Dr Tan Khee Giap and Mr Qiu Peiyuan (who is also joint chairman and joint chief executive officer).

(i) Can the ARC help shareholders better understand how it has facilitated the independent auditors during the audit, including specific information requests made to management, responses provided, unresolved information gaps and steps taken by the ARC to address those gaps?

Company's response

The ARC facilitated the audit process by actively engaging with management on the auditors' information requests to ensure timely responses and addressing any information gaps. Where certain information gaps arose, the ARC directly liaised with the auditors and followed up with management to clarify or provide the requested information promptly. In instances where information gaps remain unresolved, the independent auditors tabled a summary of outstanding matters to the ARC for consideration. The ARC then assessed the reasons for the gaps, required management to take remedial action where necessary, and monitored the follow-up process until all practical steps had been taken.

The put option has been revalued up from $7.87 million to $10.36 million in 2025. The auditors have highlighted the lack of historical business performance and insufficient supportable information on business growth assumptions, stating that they were unable to obtain sufficient appropriate audit evidence to support the cash flow forecasts and certain key judgement and assumptions.

(ii) Does the ARC agree with the higher valuation of $10.36 million on the put option? If so, what evidence and independent work did the ARC review in endorsing this valuation?

Company's response

The ARC has reviewed the revalued amount of $10.36 million for the 2025 put option. As part of its oversight role, the ARC considered the independent valuation conducted by a professional valuer and supporting documentation provided by management, including cash flow forecasts. The ARC also received a briefing by the independent auditor on the valuation. Based on its reviews, the ARC is satisfied that the valuation process has been appropriately carried out.

(iii) Similarly, what oversight did the ARC provide over the outstanding balances disclosed in the disclaimer of opinion, including amount due from a related party, deposits and prepayments? Is the ARC confident that no expected credit loss will be recognised?

3. **Expected credit losses on the Group's amount due from a related party, deposits and prepayment**

As at 31 March 2025, the Group had:

(a) an amount due from a related party, CIGL of $2,842,000;
(b) a refundable deposits of $5,000,000 for the acquisition of businesses in Singapore and Malaysia from the vendors;
(c) a prepayment of $1,495,000 made to vendor; and
(d) a refundable deposit of $1,066,000 made to its supplier,

as disclosed in Notes 21 and 22 respectively to the financial statements.

Based on management's assessment, no expected credit losses were recognised on these balances as at 31 March 2025 despite the fact that these amounts have not been recovered or utilised for some time.

Company's response

The ARC has been actively monitoring the outstanding balances disclosed in the disclaimer of opinion, including amounts due from a related party, deposits, and prepayments. The ARC has received periodic updates from management on the status of these balances and has been informed of the ongoing efforts to address their recoverability. The ARC has critically reviewed the independent auditor's findings and management's responses, ensuring that the recoverability assessments and recovery approaches are reasonable.

While the ARC has been kept apprised of key issues and is satisfied that management is taking appropriate steps, it recognises that the ultimate outcome will depend on future developments and the timely resolution of these balances. Accordingly, while no expected credit loss has been recognised to date, the ARC will continue to exercise close oversight and will monitor developments to determine if any adjustments become necessary.

(iv) Given that the current composition of the ARC does not comply with the Listing Rules and the Code, has the board and the ARC assessed whether the non-compliance has impaired the effectiveness of the ARC?

Company's response

While the current ARC contains one executive director, the ARC chairman and the other ARC member are independent directors. Key decisions are made by consensus among the independent ARC members, and the executive director participates in discussions without undue influence. The Board and the ARC have assessed the ARC's operations and are satisfied that the non-compliance (of having a member who is an executive director instead of having all members who are non-executive directors) has not impaired its effectiveness.

Q3. On 22 August 2025, the company announced that it had deferred the resignation of Mr Sun Quan to comply with the Singapore Code on Take-overs and Mergers1. The company had announced on 24 July 2025 that Mr Sun Quan would resign as director, joint executive chairman and joint chief executive officer of the company, and from all executive positions and directorships in the group's subsidiaries.

(i) For better clarity to shareholders, can the company confirm Mr Sun Quan's current employment and delegation status, including reporting lines, a list of executive powers retained or delegated, any restrictions on decision-making while the deferment is in effect, and the timeline for the deferred resignation? Have the group's operations been disrupted in any way due to the deferred resignation?

Company's response

The Company confirms that Mr Sun Quan remains employed with the Group. His current reporting lines, as well as a list of executive powers remain the same as before. There are no restrictions on his decision-making while the deferment is in effect. Mr Sun Quan's resignation will be deferred until further notice. The Group's operations have continued without disruption despite the deferment of Mr Sun Quan's resignation.

(ii) What additional board oversight arrangement have been put in place since Montelion announced a mandatory unconditional general offer for the company on 12 August 2025?

Company's response

Since Montelion announced the mandatory unconditional general offer ("**Offer**") on 12 August 2025, the board has implemented additional oversight arrangements to strengthen governance and ensure transparency during the Offer process. These measures include the appointment of Asian Corporate Advisors Pte. Ltd. as an independent financial adviser ("**IFA**") to provide advice to the independent directors in respect of the Offer (as announced by the Company on 27 August 2025), and the issuance of timely updates and Offeree Circulars to shareholders containing relevant information on the Offer, the advice of the IFA to the independent directors, and the recommendation of the independent directors in respect of the Offer.

(iii) Separately, for better transparency, what criteria were used to select the independent financial adviser (IFA) and why was Asian Corporate Advisors Pte. Ltd. (ACA) chosen? What role, if any, did Mr Sun Quan play in the selection process?

Company's response

The selection of the independent financial adviser (IFA) was based on criteria including relevant experience, industry expertise, track record, and independence. After a review of potential advisers against these criteria, Asian Corporate Advisors Pte. Ltd. (ACA) was selected as it best met the requirements.

Mr Sun Quan abstained from the selection process and did not play any role in evaluating or choosing the IFA.

By Order of the Board

Qiu Peiyuan
Joint Executive Chairman and Joint CEO

Sun Quan
Joint Executive Chairman and Joint CEO

22 September 2025