Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Ascent Bridge Limited

Stock code: AWG

Meeting details:
Date: 27 July 2023
Time: 3.00 p.m.
Venue: Meeting Room 311, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q1. As mentioned in the chairman's statement, the group completed the full divestment of its aluminium extrusion business on 29 June 2022 and subsequently transitioned into the business of selling and distributing food and beverages, with a particular focus on liquors and alcoholic beverages.

The group secured the exclusive global distributor rights (excluding Mainland China) to market and sell Moutai Bulao 125ml liquor product. The company has successfully negotiated agreements to cover key markets such as Singapore, Hong Kong, the United States, Vietnam, Cambodia, Indonesia, and the Netherlands and aims to penetrate up to 39 countries around the world.

The operations review which details the group's activities, including a discussion of the different geographical markets, can be found on pages 8 and 9 of the annual report. Management has stated that it will aim to extend the group's reach to 28 countries by the end of the financial year ending 31 March 2024.

(i) **Which specific markets is the group targeting to enter within the next 12-18 months?**

In the annual report, only the chief financial officer and the chief operating officer are listed as key members of the management team.

(ii) **Can the company provide shareholders with a more comprehensive understanding of the depth of its management bench, as well as the experience and track record of key executives, particularly in crucial functions such as marketing, logistics, compliance, and supply chain management?** This information is particularly relevant considering the group's global expansion.

(iii) **Can the company provide the total number of employees in Singapore as well as in its key markets?**

(iv) **In light of the highly regulated nature of the import and marketing of alcohol, how does management navigate and comply with the varying regulatory requirements in each country where the company operates?**

The group is leveraging three "core business channels" – the conventional distribution channels which touch points such as distributors, hotels, restaurants, night entertainment, F&B establishments, airlines and cruises, business associations as well as event sponsorships; the unconventional distribution channel via technology such as innovative smart liquor experience machines as well as apps; and lastly setting up global MTBL Cultural Centres to educate on the culture of baijiu drinking.

In the financial year, while revenue increased to almost $4.0 million, selling and distribution costs increased to $2.1 million while general and administrative expenses ballooned to $9.2 million. Loss for the year was $(8.8) million.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 January 2022 to 31 March 2023

	Note	1.1.2022 to 31.3.2023 $'000	1.1.2021 to 31.12.2021 $'000
Revenue	4	3,948	8
Cost of sales		(1,608)	(9)
Gross profit		2,340	(1)
Other operating income	5	163	17,549
Other gain	7	194	–
Selling and distribution costs		(2,133)	(367)
General and administrative expenses		(9,215)	(2,525)
Other loss	7	(238)	–
(Loss)/profit from operating activities		(8,889)	14,656
Finance cost	8	(51)	(10)
Finance income	9	137	54
(Loss)/profit before tax	6	(8,803)	14,700
Income tax benefit	11	46	–
(Loss)/profit from continuing operations for the period/ year		(8,757)	14,700
Discontinued operations			
Loss from discontinued operation, net of tax	18	–	(6,954)
		(8,757)	7,746

(Source: company annual report; emphasis added)

(v) **Can management provide a detailed breakdown of the general and administrative expenses?**

(vi) **What guidance has the board given to management to ensure that it remains prudent during this early expansion phase? What is management's strategy to ensure that launch events and cultural centres translate into sustainable orders, sales and profits?**

(vii) **Has the board assessed the risks of pursuing all three distribution channels at the same time? Does the board believe that the unconventional distribution channel and cultural centers have the potential to scale up efficiently and generate satisfactory returns?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q2. In the operations review, management disclosed that the company incurred professional fees on the proposed acquisition of 80% equity interest in Octopus Distribution Pte Ltd and 80% equity interest in Nereus Cape Pte Ltd and 39.2% equity interest in Luen Heng F&B Sdn Bhd (collectively called "Octopus Group").

21. Prepaid and deposit

	Group		Company	
	31.3.2023	31.12.2021	31.3.2023	31.12.2021
	$'000	$'000	$'000	$'000
Current				
Refundable deposit for acquisition	5,000	600	5,000	600
Prepayment to supplier	486	2,095	–	–
Deposit paid to supplier	1,666	–	–	–
Other deposit	118	78	–	–
Others	–	51	27	8
	7,270	2,824	5,027	608
Non-current				
Rental Deposit	89	–	–	–
	7,359	2,824	5,027	608

(Source: company annual report)

(i) **Can the board confirm that the proposed acquisition of the Octopus Group has been terminated?**

(ii) **Are there any challenges or obstacles encountered in collecting the $5 million refundable deposit from the vendors? If so, what options or actions are available to the group to address this situation?**

(iii) **What safeguards did the board put in place prior to placing the deposit with the vendors? What were the reasons that the board approved a $5 million deposit as part of the terms of the sale and purchase agreement?**

(iv) **Can the board provide additional details on its approach to deal sourcing for acquisitions? Does the board engage reputable and professional investment bankers in this process? Furthermore, does the board or audit committee have plans to conduct a review of the risk management framework, specifically with regard to upfront fees or deposits associated with any proposed transactions?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q3. The company was placed on the SGX Watch-list under the financial entry on 4 December 2019. SGX-ST had granted an extension of time to 1 December 2023 for the company to meet the requirements to exit the watch-list pursuant to Rule 1314 of the Listing Manual.

(i) Does the loss of $(8.8) million for the financial year ended 31 March 2023 impact the company's progress towards exiting the watch-list?

(ii) Given the extension of the deadline to 1 December 2023, does this imply that the company will need to apply for another extension?

(iii) What guidance has the board provided to management to ensure a focused approach in meeting the conditions necessary for the company to exit the watch-list and safeguard the interests of shareholders, particularly minority shareholders?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US