

CIRCULAR DATED 27 JUNE 2023

THIS CIRCULAR IS ISSUED BY CHALLENGER TECHNOLOGIES LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (the “CDP”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



CHALLENGER TECHNOLOGIES LIMITED

(Company Registration Number: 198400182K)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

by



UNITED OVERSEAS BANK LIMITED

(Company Registration Number: 193500026Z)
(Incorporated in the Republic of Singapore)

for and on behalf of

DIGITECH HOLDING LIMITED

(Company Registration Number: MC-398911)
(Incorporated in the Cayman Islands)

to acquire all the issued and paid-up ordinary shares in the share capital of Challenger Technologies Limited, other than those Shares held, directly or indirectly, by DigiTech Holding Limited as at the date of the Offer

Independent Financial Adviser to the Recommending Directors

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Company Registration Number: 200200144N)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER (AS DEFINED HEREIN) AT 5.30 P.M. (SINGAPORE TIME) ON 11 JULY 2023 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

CONTENTS

DEFINITIONS	2
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS	9
CORPORATE INFORMATION	10
LETTER TO SHAREHOLDERS	11
1. INTRODUCTION	11
2. THE OFFER	12
3. INFORMATION ON THE OFFEROR, THE SPONSOR AND THE CONSORTIUM PARTIES	14
4. IRREVOCABLE UNDERTAKINGS	18
5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY	19
6. THE OFFEROR'S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION	21
7. FINANCIAL EVALUATION OF THE OFFER	22
8. CONFIRMATION OF FINANCIAL RESOURCES	24
9. DIRECTORS' INTERESTS	24
10. ADVICE AND RECOMMENDATION	24
11. OVERSEAS PERSONS	29
12. ACTION TO BE TAKEN BY SHAREHOLDERS	31
13. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS	31
14. DIRECTORS' RESPONSIBILITY STATEMENT	32
15. ADDITIONAL GENERAL INFORMATION	32
APPENDIX A: IFA LETTER	A-1
APPENDIX B: ADDITIONAL GENERAL INFORMATION	B-1
APPENDIX C: EXTRACTS FROM THE CONSTITUTION	C-1
APPENDIX D: FY2022 AUDITED CONSOLIDATED FINANCIAL STATEMENTS	D-1
APPENDIX E: VALUATION REPORT	E-1

DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

“Acceptance Form(s)”	:	The FAA and the FAT collectively, or any one of them, as the case may be
“Auditors”	:	RSM Chio Lim LLP
“Board”	:	The board of Directors of the Company
“Business Day”	:	A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 27 June 2023 in relation to the Offer enclosing, <i>inter alia</i> , the recommendation of the Recommending Directors and the IFA Letter
“Closing Date”	:	5.30 p.m. (Singapore time) on 11 July 2023, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day of the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Companies Act”	:	Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Challenger Technologies Limited (Company Registration Number: 198400182K) having its registered office at 1 Ubi Link Challenger TechHub Singapore 408553
“Company Securities”	:	(a) Shares; (b) other securities which carry voting rights in the Company; and (c) Convertible Securities, Warrants, Options or Derivatives in respect of (a) or (b), in the Company
“Consortium Parties”	:	The Sponsor, the Promoter SPV and Mr. Loo Leong Thye
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Convertible Securities”	:	Securities convertible or exchangeable into new shares or existing shares
“CPF”	:	Central Provident Fund of Singapore

DEFINITIONS

“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“DAPES”	:	Dymon Asia Private Equity (Singapore) Pte. Ltd., a Singapore-based fund manager that manages, amongst others, Dymon Asia
“Derivatives”	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
“Digileap”	:	Digileap Capital Limited
“Directors”	:	The directors of the Company as at the Latest Practicable Date, and each a “ Director ”
“Dymon Asia”	:	Shall have the meaning ascribed to it in paragraph 3.3 of the Offer Document and paragraph 4.3 of Appendix B (Additional General Information) to this Circular
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, which forms part of the Offer Document and which is issued for the use of Shareholders whose Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued for the use of Shareholders whose Shares are not deposited with CDP
“Final Offer Consideration”	:	Shall have the meaning ascribed to it in paragraph 2.2 of the Offer Document
“FY”	:	Financial year ended or ending 31 December, as the case may be
“FY2022 Audited Consolidated Financial Statements”	:	The audited consolidated financial statements of the Group for FY2022, reproduced in Appendix D (FY2022 Audited Consolidated Financial Statements) to this Circular
“Group”	:	The Company and its subsidiaries
“IFA”	:	Deloitte & Touche Corporate Finance Pte Ltd, the independent financial adviser to the Recommending Directors in respect of Offer

DEFINITIONS

- “IFA Letter”** : The letter dated 27 June 2023 from the IFA to the Recommending Directors containing, *inter alia*, the advice of the IFA to the Recommending Directors in respect of the Offer, set out as **Appendix A (IFA Letter)** to this Circular
- “Interested Person”** : As defined in the Note on Rule 24.6 of the Code and read with Rule 23.12 of the Code, an interested person is:
- (a) a director, chief executive officer, or substantial shareholder of the company;
 - (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;
 - (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
 - (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
 - (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
- “Irrevocable Undertakings”** : Shall have the meaning ascribed to it in paragraph 4.1 of the Offer Document and as described in section 4 (*Irrevocable Undertakings*) of this Circular
- “Latest Practicable Date”** : 19 June 2023, being the latest practicable date prior to the finalisation and release of this Circular
- “Listing Manual”** : The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
- “Market Day”** : A day on which the SGX-ST is open for trading of securities

DEFINITIONS

“ Notice to Shareholders ”	:	The hardcopy notice letter posted to Shareholders by the Company on the date of this Circular containing, <i>inter alia</i> , instructions on how to access the electronic copy of this Circular on the website of the SGX-ST at www.sgx.com and on the website of the Company at www.challengerasia.com
“ Offer ”	:	The voluntary unconditional cash offer made by UOB, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the Acceptance Forms, as such Offer may be amended, extended and revised from time to time by or on behalf of the Offeror
“ Offer Announcement ”	:	The announcement relating to the Offer released by UOB, for and on behalf of the Offeror, on the Offer Announcement Date
“ Offer Announcement Date ”	:	30 May 2023, being the date of the Offer Announcement
“ Offer Document ”	:	The offer document dated 13 June 2023, including the FAA and FAT, issued by UOB, for and on behalf of the Offeror, in respect of the Offer
“ Offer Shares ”	:	All the Shares other than those already held, directly or indirectly, by the Offeror as at the date of the Offer and each, an “ Offer Share ”
“ Offeror ”	:	DigiTech Holding Limited
“ Offeror Securities ”	:	(a) Offeror Shares; (b) other securities which carry voting rights in the Offeror; and (c) Convertible Securities, Warrants, Options or Derivatives in respect of (a) or (b), in the Offeror
“ Offeror Shares ”	:	Shall have the meaning ascribed to it in paragraph 4.3 of Appendix B (Additional General Information) to this Circular
“ Options ”	:	Options to subscribe for or purchase new shares or existing shares
“ Overseas Person ”	:	Shall have the meaning ascribed to it in paragraph 10 of the Offer Document and as described in section 11 (<i>Overseas Persons</i>) of this Circular
“ Price Revision Announcement ”	:	The announcement relating to the revision of the consideration for the Offer Shares released by UOB, for and on behalf of the Offeror, on 6 June 2023

DEFINITIONS

“Promoter SPV”	:	Fortuna Capital Limited, a special purpose vehicle wholly-owned by Mr. Loo Leong Thye
“Property”	:	The Group’s leasehold property at 1 Ubi Link Challenger TechHub Singapore 408553
“Recommending Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, being Mr. Max Ng Chee Weng, Mr. Tan Han Beng, Mr. Tan Wee Ko and Mr. Choo Yiang Hong, Francis
“Register”	:	The register of holders of the Shares, as maintained by the Share Registrar
“Securities Account”	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent
“Securities and Futures Act”	:	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGXNet”	:	A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SHA”	:	Shall have the meaning ascribed to it in paragraph 3.5(a) of the Offer Document
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders”	:	Registered holders of Shares as indicated on the Register, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
“Shares”	:	Issued and paid-up ordinary shares in the share capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Singapore time”	:	Eight (8) hours ahead of Greenwich Mean Time
“Sponsor”	:	Asia Consumer Electronics Limited (as general partner for and on behalf of Asia Consumer Electronics, L.P.)

DEFINITIONS

“SRS”	:	The Supplementary Retirement Scheme
“SRS Investors”	:	Investors who have purchased Shares pursuant to SRS contributions pursuant to the SRS
“Undertaking Shareholders”	:	Shall have the meaning ascribed to it in paragraph 4.1 of the Offer Document and as described in section 4 (<i>Irrevocable Undertakings</i>) of this Circular
“UOB”	:	United Overseas Bank Limited, being the financial adviser to the Offeror in connection with the Offer
“UOB Facility”	:	Shall have the meaning ascribed to it in paragraph 1.5(c) of Appendix IV to the Offer Document
“Valuation Report”	:	The valuation report issued by the Valuer in respect of the Property in connection with the Offer, set out as Appendix E (Valuation Report) to this Circular
“Valuer”	:	CKS Property Consultants Pte. Ltd., the independent valuer commissioned by the Company to issue the Valuation Report
“Warrants”	:	Rights to subscribe for or purchase new shares or existing shares
<i>Currencies, Units and Others</i>		
“%” of “per cent.”	:	Per centum or percentage
“SGD”, “S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of Singapore

Acting in concert. The term “**acting in concert**” shall have the meaning ascribed to it in the Code.

Depositors, etc. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Genders. Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

DEFINITIONS

Shareholders. References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meanings assigned to it under the Companies Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. References to “subsidiary” and “related corporation” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Total number of issued Shares. References in this Circular to the total number of issued Shares are based on 401,759,685 Shares in issue as at the Latest Practicable Date, unless otherwise stated. There are no Shares held in treasury and there are no subsidiary holdings.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics, and capitalised terms used within these reproduced statements shall bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution, respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, plans, prospects, intentions or strategies regarding the future and assumptions in light of currently available information.

These forward-looking statements, including but not limited to, statements as to revenue and profitability; any expected growth; any expected industry prospects and trends; planned strategy and future expansion plans; any other matters that are not historical facts; and any other matters discussed in this Circular, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s and the Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. The Group, the Directors, the executive officers of the Company are not representing or warranting to you that the actual future results, performance or achievements of the Company and the Group will be as those discussed in those statements. The respective actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Group. Further, the Company disclaims any responsibility, and undertake no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

CORPORATE INFORMATION

Board of Directors	:	Mr. Max Ng Chee Weng <i>(Non-Executive Independent Chairman)</i> Mr. Loo Leong Thye <i>(Executive Director and Chief Executive Officer)</i> Mr. Tan Wee Ko <i>(Executive Director and Chief Financial Officer)</i> Mr. Tan Han Beng <i>(Lead Independent Director)</i> Mr. Choo Yiang Hong, Francis <i>(Independent Director)</i> Mr. Tan Keng Soon (Keith) <i>(Non-Executive Non-Independent Director)</i>
Company Secretary	:	Mr. Chia Foon Yeow
Registered Office	:	1 Ubi Link Challenger TechHub Singapore 408553
Share Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632
Auditors of the Company	:	RSM Chio Lim LLP 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095 Partner-in-charge: Tan Wei Ling
Independent Financial Adviser to the Recommending Directors	:	Deloitte & Touche Corporate Finance Pte Ltd 6 Shenton Way #33-00 OUE Downtown Singapore 068809
Legal Adviser to the Company in relation to the Offer	:	Morgan Lewis Stamford LLC 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315

LETTER TO SHAREHOLDERS

CHALLENGER TECHNOLOGIES LIMITED

(Company Registration Number: 198400182K)
(Incorporated in the Republic of Singapore)

Directors:

Mr. Max Ng Chee Weng (*Non-Executive Independent Chairman*)
Mr. Loo Leong Thye (*Executive Director and Chief Executive Officer*)
Mr. Tan Wee Ko (*Executive Director and Chief Financial Officer*)
Mr. Tan Han Beng (*Lead Independent Director*)
Mr. Choo Yiang Hong, Francis (*Independent Director*)
Mr. Tan Keng Soon (Keith) (*Non-Executive Non-Independent Director*)

Registered Office:

1 Ubi Link
Challenger TechHub
Singapore 408553

27 June 2023

To: **Shareholders of Challenger Technologies Limited**

Dear Sir/Madam,

1. INTRODUCTION

1.1. Offer Announcement

On the Offer Announcement Date, UOB announced, for and on behalf of the Offeror, *inter alia*, that the Offeror intends to make an Offer for all the Offer Shares, in accordance with Rule 15 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2. Price Revision Announcement

On 6 June 2023, the Offeror announced in the Price Revision Announcement, *inter alia*, the revision of the consideration for the Offer Shares to the Final Offer Consideration for each Offer Share and that the Offeror does not intend to revise the Final Offer Consideration.

A copy of the Price Revision Announcement is available on the website of the SGX-ST at www.sgx.com.

1.3. Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

LETTER TO SHAREHOLDERS

1.4. Independent Financial Adviser

The Company has appointed Deloitte & Touche Corporate Finance Pte Ltd as the IFA to advise the Recommending Directors in respect of the Offer.

1.5. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer before deciding whether to accept or reject the Offer.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

As set out in the Offer Document, the Offer is made on the following terms and conditions:

2.1. Terms of the Offer

Paragraph 2 of the Offer Document sets out information on the principal terms and conditions of the Offer as made by the Offeror, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“2. THE OFFER

2.1 Offer Shares

*The Offer is extended, on the same terms and conditions, to all the Shares, other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer (collectively, the **“Offer Shares”**, and each, an **“Offer Share”**).*

2.2 Consideration

As stated in the Price Revision Announcement, the consideration for each Offer Share has been revised to the following:

For each Offer Share: S\$0.60 in cash (the **“Final Offer Consideration”**).

The Offeror does not intend to revise the Final Offer Consideration.

LETTER TO SHAREHOLDERS

2.3 No Encumbrances

*The Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (collectively, the “**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital (collectively, the “**Distributions**” and each, a “**Distribution**”), if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). **In the event that any Distribution is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Final Offer Consideration by the amount of such Distributions paid by the Company to the accepting Shareholder.***

2.4 Unconditional Offer

As at the Latest Practicable Date, the Offeror and parties acting in concert with it hold Shares representing more than 50% of the total number of issued Shares. Accordingly, the Offer is not conditional upon a minimum number of acceptances being received by the Offeror.

The Offer is unconditional in all respects.

2.5 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions).”

2.2. Details of the Offer

Further details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer, are set out in Appendix V to the Offer Document.

2.3. Closing Date

The Offer Document states that except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the date of electronic despatch of the Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 11 July 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

LETTER TO SHAREHOLDERS

2.4. Procedures for Acceptance

The procedures for acceptance of the Offer are set out in Appendix VI to the Offer Document.

3. INFORMATION ON THE OFFEROR, THE SPONSOR AND THE CONSORTIUM PARTIES

Paragraph 3 of the Offer Document sets out information on the Offeror, the Sponsor and the Consortium Parties, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“3. INFORMATION ON OFFEROR, THE SPONSOR AND THE CONSORTIUM”

3.1 Information on the Offeror

*The Offeror is an investment holding company incorporated in the Cayman Islands on 4 April 2023. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$100, comprising 100 ordinary shares (the “**Offeror Shares**”), which are held by the shareholders of the Offeror as follows:*

Shareholder of the Offeror	Shareholding Percentage
<i>Asia Consumer Electronics Limited (as general partner for and on behalf of Asia Consumer Electronics, L.P.)</i>	<i>35%</i>
<i>Fortuna Capital Limited</i>	<i>65%</i>
Total	100%

*The board of directors of the Offeror comprises Mr. Loo Leong Thye (“**LLT**”) and Mr. Tan Keng Soon (Keith) (Founding and Managing Partner of Dymon Asia Private Equity (Singapore) Pte. Ltd. (“**DAPES**”).*

As at the Latest Practicable Date, the Offeror has an interest in 217,100 Shares, representing approximately 0.05% of the total number of issued Shares.

APPENDIX I to this Offer Document sets out certain additional information on the Offeror.

3.2 Shareholding in the Offeror

The shareholding in the Offeror will be maintained at the shareholding proportions set out in paragraph 3.1 above until the close of the Offer.

3.3 Information on the Sponsor

*Asia Consumer Electronics Limited (as general partner for and on behalf of Asia Consumer Electronics, L.P.) (the “**Sponsor**”) is a special purpose vehicle incorporated under the laws of the Cayman Islands on 4 February 2019. The Sponsor is wholly-owned by Diamond GP Holdings II Ltd, which is in turn wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd (as general partner for and on behalf of Dymon*

LETTER TO SHAREHOLDERS

Asia Private Equity (S.E. Asia) Fund II, L.P.) ("**Dymon Asia**"). Dymon Asia is managed by DAPES, a Singapore-based fund manager that manages three (3) private equity funds, namely Dymon Asia Private Equity (S.E. Asia) Fund I, L.P., a fund with commitments of S\$300 million, Dymon Asia Private Equity (S.E. Asia) Fund II, L.P., a fund with commitments of US\$450 million and Dymon Asia Private Equity (S.E. Asia) Fund III, L.P., a fund with commitments of US\$650 million. Dymon Asia is wholly-owned by DAPE Ltd.

As at the Latest Practicable Date, the Sponsor has an interest in the 72,076,524 Shares held by its wholly-owned subsidiary Digileap Capital Limited ("**Digileap**") and the 217,100 Shares held by the Offeror, representing in aggregate approximately 17.99% of the total number of issued Shares. Save for their interest in the Shares held by Digileap and the Offeror, none of the Sponsor, Dymon Asia, or funds managed or advised by DAPES or Dymon Asia Capital Ltd. (the holding company of the Dymon group) has an interest in any Shares as at the Latest Practicable Date.

3.4 Information on the Promoter SPV and the Loo Family Members

Fortuna Capital Limited (the "**Promoter SPV**") is a special purpose vehicle wholly-owned by LLT, which was incorporated under the laws of the Cayman Islands on 4 April 2023.

As at the Latest Practicable Date, the Promoter SPV has an interest in the 217,100 Shares held by the Offeror, representing approximately 0.05% of the total number of issued Shares.

As at the Latest Practicable Date, LLT and his family members (comprising his wife, Mdm. Ong Sock Hwee ("**OSH**"), daughter, Ms. Loo Pei Fen ("**LPF**"), and son, Mr. Loo Wei Kiat ("**LWK**") (collectively, the "**Loo Family Members**" and each, a "**Loo Family Member**") are interested in an aggregate of 190,333,950 Shares, representing approximately 47.38% of the total number of issued Shares, the details of which are set out below:

- (a) LTT has a direct interest in 148,352,250 Shares, representing approximately 36.93% of the total number of issued Shares and a deemed interest in the 217,100 Shares held by the Offeror, representing approximately 0.05% of the total number of issued Shares;
- (b) OSH has a direct interest in 36,633,250 Shares, representing approximately 9.12% of the total number of issued Shares;
- (c) LPF has a direct interest in 4,492,500 Shares, representing approximately 1.12% of the total number of issued Shares; and
- (d) LWK has a direct interest in 638,850 Shares, representing approximately 0.16% of the total number of issued Shares.

LTT is an Executive Director and the Chief Executive Officer of the Company and LPF is the Managing Director of the Company.

APPENDIX II to this Offer Document sets out certain additional information on the Promoter SPV.

LETTER TO SHAREHOLDERS

3.5 Consortium Arrangements

The Sponsor, the Promoter SPV and LLT (collectively, the "**Consortium Parties**") have agreed to form a consortium through the Offeror to undertake the Offer. The Offeror Shareholders have, on the Offer Announcement Date, entered into the following arrangements (collectively, the "**Consortium Arrangements**"):

- (a) a shareholders' agreement (the "**SHA**") to, inter alia, regulate the relationship of the Sponsor and the Promoter SPV inter se as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer).

As the Offeror and the Consortium Parties intend and desire that there be continuity of management and minimal interruption to the business of the Company, the Offeror and the Consortium Parties have agreed under the SHA that after the completion of the Offer and subject to the Company having being delisted following the completion of the Offer, LLT shall, and the Promoter SPV and LLT shall procure that LPF shall, extend their respective existing service agreements on the same terms, for an initial term of four (4) years.

Pursuant to the terms of the SHA, the Consortium Parties have also agreed, inter alia, that:

- (i) save for matters relating to the Loo Family Irrevocable Undertakings (as defined below) and the Digileap Irrevocable Undertaking (as defined below), all matters in relation to the Offer will require the unanimous approval of the Sponsor and the Promoter SPV;
- (ii) the funds required to finance the Offer will be obtained from a combination of (A) the Set-Off Amounts, (B) the UOB Facility, and (C) an interest-free loan from the Sponsor (the "**Sponsor Cash Contribution**");
- (iii) following the completion of the Offer, or if invoked, the exercise of the Offeror's right of compulsory acquisition (collectively, the "**Transaction**"), the Sponsor Cash Contribution will be converted into additional 35 Offeror Shares to be held by the Sponsor and the Promoter SPV will subscribe for additional 65 Offeror Shares at an issue price of S\$1.00 each;
- (iv) the Sponsor shall be entitled to request the appointment of one (1) director to the board of directors of the Offeror and the Promoter SPV shall be entitled to request the appointment of two (2) directors to the board of directors of the Offeror; and
- (v) save for the pledging of the Offeror Shares or the using of the Offeror Shares as security in connection with the UOB Facility, each of the Sponsor and the Promoter SPV has undertaken not to, for a specified period (that is, the period commencing from the date of the SHA and (in the case of the Sponsor) ending on the second (2nd) anniversary of the completion of the Transaction or (in the case of the Promoter SPV) ending on the fourth (4th) anniversary of the completion of the Transaction), dispose of or create encumbrances over the Offeror Shares that each owns without the approval or consent of the other party;

LETTER TO SHAREHOLDERS

- (b) *the Promoter SPV and LLT have procured the provision by each of the Loo Family Members of an irrevocable undertaking in favour of the Offeror (each, a “**Loo Family Irrevocable Undertaking**” and collectively, the “**Loo Family Irrevocable Undertakings**”), pursuant to which he/she will undertake and/or agree, inter alia:*
- (i) *to accept the Offer in respect of all the Shares held by him/her (the details of which are set out in paragraph 3.4 of this Offer Document), and any Shares which he/she may, directly or indirectly, acquire on or after the date of the Loo Family Irrevocable Undertakings;*
 - (ii) *not to transfer or otherwise dispose of any Shares held by him/her during the period commencing from the date of the Loo Family Irrevocable Undertakings and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) other than in accordance with the terms of the Loo Family Irrevocable Undertakings; and*
 - (iii) *to waive all of his/her rights, whether arising under Rule 30 of the Code or otherwise, to receive any cash settlement or payment for acceptance of the Offer (such cash settlement or payment, the “**Loo Family Set-Off Amounts**”); and*
- (c) *the Sponsor has procured the provision by Digileap of an irrevocable undertaking in favour of the Offeror (the “**Digileap Irrevocable Undertaking**”) pursuant to which Digileap will undertake and/or agree, inter alia:*
- (i) *to accept the Offer in respect of all the Shares held by it, and any Shares which it may, directly or indirectly, acquire on or after the date of the Digileap Irrevocable Undertaking;*
 - (ii) *not to transfer or otherwise dispose of any Shares held by it during the period commencing from the date of the Digileap Irrevocable Undertaking and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) other than in accordance with the terms of the Digileap Irrevocable Undertaking; and*
 - (iii) *to waive all of its rights, whether arising under Rule 30 of the Code or otherwise, to receive any cash settlement or payment for acceptance of the Offer (such cash settlement or payment, together with the Loo Family Set-Off Amounts, the “**Set-Off Amounts**”).*

3.6 SIC Ruling

The SIC has confirmed that the Consortium Arrangements do not constitute special deals for the purposes of Rule 10 of the Code.”

LETTER TO SHAREHOLDERS

4. IRREVOCABLE UNDERTAKINGS

Paragraph 4 of the Offer Document sets out information on the undertakings provided by each of the Undertaking Shareholders, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“4. THE IRREVOCABLE UNDERTAKINGS

4.1 Details of Irrevocable Undertakings

*In addition to the Loo Family Irrevocable Undertakings and the Digileap Irrevocable Undertaking, Mr. Ng Leong Hai (“NLH”, and together with the Loo Family Members and Digileap, the “**Undertaking Shareholders**”) has provided an irrevocable undertaking in favour of the Offeror (the “**NLH Irrevocable Undertaking**”, and together with the Loo Family Irrevocable Undertakings and the Digileap Irrevocable Undertaking, the “**Irrevocable Undertakings**” and each, an “**Irrevocable Undertaking**”) pursuant to which he will undertake and/or agree, inter alia:*

- (a) to accept the Offer in respect of all the Shares held by him, and any Shares which he may, directly or indirectly, acquire on or after the date of the NLH Irrevocable Undertaking; and*
- (b) not to transfer or otherwise dispose of any Shares held by him during the period commencing from the date of the NLH Irrevocable Undertaking and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) other than in accordance with the terms of the NLH Irrevocable Undertaking.*

For the avoidance of doubt, there is no term in the NLH Irrevocable Undertaking pursuant to which NLH will receive any benefit that is not being offered to the other Shareholders.

Details of the Undertaking Shareholders’ shareholding in the Company as at the Latest Practicable Date which will be tendered in acceptance of the Offer by them pursuant to their respective Irrevocable Undertakings are as follows:

Shareholder	Number of Shares to be tendered in acceptance of the Offer	Percentage of the total number of Shares⁽¹⁾
<i>LLT</i>	<i>148,352,250</i>	<i>36.93%</i>
<i>OSH</i>	<i>36,633,250</i>	<i>9.12%</i>
<i>LPF</i>	<i>4,492,500</i>	<i>1.12%</i>
<i>LWK</i>	<i>638,850</i>	<i>0.16%</i>
<i>Digileap</i>	<i>72,076,524</i>	<i>17.94%</i>
<i>NLH</i>	<i>83,067,500</i>	<i>20.68%</i>
Total	345,260,874	85.94%

LETTER TO SHAREHOLDERS

Note:

(1) *The percentage shareholding interest is based on the issued share capital of 401,759,685 Shares based on publicly available information as at the Latest Practicable Date. Percentages are rounded to the nearest two (2) decimal places.*

4.2 Termination of Irrevocable Undertakings

The Irrevocable Undertakings will terminate or lapse if the Offer is withdrawn or lapses, other than due to a breach of any of the Loo Family Members', Digileap's or NLH's (as the case may be) obligations under the relevant Irrevocable Undertaking.

4.3 No other Irrevocable Undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer.

As at the Latest Practicable Date, the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it, together with the total number of Shares to which the Irrevocable Undertakings relate, is an aggregate of 345,477,974 Shares, representing approximately 85.99% of the total number of issued Shares."

5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

Paragraph 6 of the Offer Document sets out information on the rationale for the Offer and the Offeror's intentions for the Company, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

6. RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY

6.1. Low Trading Liquidity of Shares

*The trading volume of the Shares has been low, with an average daily trading volume¹ of approximately 94,335 Shares, 40,119 Shares, 28,626 Shares and 18,043 Shares during the respective one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including 29 May 2023 (the "**Last Trading Day**"), being the last full Market Day immediately before the Offer Announcement Date. Each of these represents less than 0.03% of the total number of issued Shares for any of the aforementioned relevant periods.*

*Shareholders should note that a significant minority investor had been in discussions with Digileap regarding a proposed sale of 9,182,500 Shares beneficially owned by the investor to Digileap. The transaction was concluded on 17 January 2023, with Digileap acquiring 9,182,500 Shares by way of a married trade at a price of S\$0.50 per Share (the "**January Trade**"). The average daily trading volumes above exclude the January Trade. Save for the January Trade, there were no other married trade transactions for the Shares during the 12-month period up to and including the Last Trading Day.*

LETTER TO SHAREHOLDERS

The Offer and Final Offer Consideration therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium over the historical traded prices of the Shares, which may otherwise not be available given the low trading liquidity of the Shares.

6.2 Final Offer Consideration at a Premium over the Historical Traded Share Prices

The Final Offer Consideration represents a premium of 9.1% over the last transacted price per Share of S\$0.550 on the Last Trading Day.

*When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Final Offer Consideration represents a premium of approximately 10.5%, 11.9%, 14.3% and 13.4% over the volume weighted average price (“**VWAP**”) per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month periods, respectively.*

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the historical traded prices of the Shares without incurring brokerage and other trading costs.

6.3 Greater Management Flexibility

As described in paragraph 8.3 of this Offer Document, the Offeror is making the Offer with a view to delisting the Company from the Mainboard of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational changes without the attendant costs, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

The Company operates in a challenging electrical and electronics retail business environment in Singapore, where the market is saturated and competitive pressures may increase margin pressure. Coupled with weak retail sentiment and industry disruption resulting from the rise in e-commerce, the Company has experienced a decline in revenue over the last five (5) years.

In order to navigate the challenging business environment, the Offeror believes that the Company may have to implement changes to its business, which will require management commitment and allocation of resources in the near to mid-term in the face of rising operating costs. During such time, dividends from the Company could be affected.

6.4 Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

LETTER TO SHAREHOLDERS

6.5 Offeror's Intentions for the Company

Subject to normal business conditions and other than in the normal course of business, the Offeror does not intend to (a) make major changes to the business of the Company or its management team; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Group. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interests of the Company.

Footnote 1: The average daily trading volume is based on data extracted from Bloomberg Finance L.P. and is calculated by using the total volume of Shares traded divided by the number of Market Days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Trading Day."

6. THE OFFEROR'S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

Paragraph 8 of the Offer Document sets out information on the Offeror's intentions regarding the listing status and compulsory acquisition of the Company, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

"8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

LETTER TO SHAREHOLDERS

8.2 Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) at a price equal to the Final Offer Consideration.*

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Final Offer Consideration.

8.3 Offeror’s Intentions

The Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands.

*In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the “**Voluntary Delisting Rules**”). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the “**Independent Shareholders**”) representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST’s waiver from strict compliance with such Voluntary Delisting Rules.*

In the event that the public float is lost and the Offeror is unable to exercise its right of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.”

7. FINANCIAL EVALUATION OF THE OFFER

Paragraph 7 of the Offer Document sets out information on the financial evaluation of the Offer, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

LETTER TO SHAREHOLDERS

“7. FINANCIAL EVALUATION OF OFFER”

The Final Offer Consideration of S\$0.60 represents an increase of S\$0.04 or approximately 7.1% over the initial offer consideration of S\$0.56 per Offer Share.

The highest closing price of the Shares in the five (5)-year period prior to and including the Last Trading Day was S\$0.61. Out of the 928 Market Days on which the Shares were traded in the five (5)-year period prior to and including the Last Trading Day, the closing prices of the Shares had not exceeded the Final Offer Consideration on 920 Market Days, which represent approximately 99.1% of the total number of Market Days on which the Shares were traded during this period.

The Final Offer Consideration represents the following premia over the historical traded prices of the Shares:

Description	Benchmark Price⁽¹⁾⁽²⁾ (S\$)	Premium over Benchmark Price⁽³⁾ (%)
(a) Last transacted price per Share on the Last Trading Day	0.550	9.1
(b) VWAP of the Shares traded on the SGX-ST for the one (1)-month period up to and including the Last Trading Day	0.543	10.5
(c) VWAP of the Shares traded on the SGX-ST for the three (3)-month period up to and including the Last Trading Day	0.536	11.9
(d) VWAP of the Shares traded on the SGX-ST for the six (6)-month period up to and including the Last Trading Day ⁽⁴⁾	0.525	14.3
(e) VWAP of the Shares traded on the SGX-ST for the 12-month period up to and including the Last Trading Day ⁽⁵⁾	0.529	13.4

Notes:

- (1) The figures set out in the table above are based on data extracted from Bloomberg Finance L.P. on 29 May 2023. The calculation of the VWAP does not include married trade transactions within the relevant periods.
- (2) The benchmark price is rounded to the nearest three (3) decimal places.
- (3) Premium over benchmark price is rounded to the nearest one (1) decimal place.
- (4) Had the calculation of VWAP for the six (6)-month period up to and including the Last Trading Day been adjusted to include the January Trade, the VWAP of the Shares would be S\$0.507 and the Final Offer Consideration would represent a 18.3% premium over this adjusted price.
- (5) Had the calculation of VWAP for the 12-month period up to and including the Last Trading Day been adjusted to include the January Trade, the VWAP of the Shares would be S\$0.510 and the Final Offer consideration would represent a 17.6% premium over this adjusted price.”

LETTER TO SHAREHOLDERS

8. CONFIRMATION OF FINANCIAL RESOURCES

Paragraph 11 of the Offer Document sets out the confirmation of financial resources by UOB, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“11. CONFIRMATION OF FINANCIAL RESOURCES

UOB, as the financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Final Offer Consideration, excluding the Set-Off Amounts.”

9. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in Company Securities and Offeror Securities as at the Latest Practicable Date are set out in **Appendix B (Additional General Information)** to this Circular.

10. ADVICE AND RECOMMENDATION

10.1. Appointment of Independent Financial Adviser

Deloitte & Touche Corporate Finance Pte Ltd has been appointed as the independent financial adviser to the Recommending Directors in respect of the Offer.

Shareholders should read the IFA Letter in its entirety and consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in relation to the Offer in their entirety before deciding whether to accept or reject the Offer.

10.2. Evaluation of the Offer by the IFA and the IFA's Advice to the Recommending Directors on the Offer

The IFA Letter setting out the advice of the IFA to the Recommending Directors in relation to the Offer is set out as **Appendix A (IFA Letter)** to this Circular.

An extract of the advice and recommendation of the IFA to the Recommending Directors in relation to the Offer is set out below. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the meanings ascribed to them in the IFA Letter.

“9. OUR RECOMMENDATION

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the financial terms of the Offer. The following factors should be read in connection with, and interpreted, in the full context of this Letter:

LETTER TO SHAREHOLDERS

Evaluation of whether the Shares as implied by the Final Offer Consideration are fairly valued.

Market quotations and liquidity of the Shares

- (1) *The Past 12M ADT Volume for Shares, as a percentage of Challenger's free float, is below the range of measures for the 30 STI Companies; and*
- (2) *The Past 12M ADT Value for the Shares, as a percentage of Challenger's market capitalisation, is below the range of measures for the 30 STI Companies.*

The above analyses indicate that the Shares are fairly illiquid, as such, we consider that the traded share price may not be the best indicator of fair value and also refer to alternatives such as net asset value per Share and revalued net asset value per Share.

Historical market performance and trading activity of the Shares

- (3) *We note that the Final Offer Consideration of S\$0.600 is within the range of the highest and lowest traded Share Price of S\$0.635 and S\$0.385 respectively, in the five-year period prior to the LTD.*
- (4) *We note that the Final Offer Consideration of S\$0.600 represents premia of 10.5%, 11.9%, 14.3%, 13.4%, 13.4% and 13.2% as compared to the VWAPs of the Shares for the last one-month, three-month, six-month, twelve-month, three-year and five-year periods prior to and including the LTD respectively. The Final Offer Consideration of S\$0.600 also represents premia of 9.1% and 7.7% as compared to the last closing price of the Shares and the VWAP on the LTD respectively.*
- (5) *From the LTD to the LPD, Shares traded between a low of S\$0.550 and a high of S\$0.605 with a VWAP of S\$0.593. We note that the Final Offer Consideration of S\$0.600 represents a premium of 1.2% as compared to the VWAP of the Shares from LTD up to the LPD and equal to the VWAP on LPD.*

Historical financial performance and position of the Company

- (6) *The revenue and the net profit after tax of the Company have decreased between FY2018 and FY2022.*

P/NAV multiples of the Shares relative to the P/NAV and P/RNAV multiples implied by the Final Offer Consideration

- (7) *The P/NAV multiple of 1.51x implied by the Final Offer Consideration represents premia of 10.2%, 17.1%, 17.1%, 10.2% and 5.6% to the median P/NAV multiples of 1.37x, 1.29x, 1.29x, 1.37x and 1.43x respectively in the one-month, three-month, six-month, twelve-month and three-year periods prior to and including the LTD. It is also at a premium of 9.4% to the P/NAV multiple of 1.38x as at LTD. The P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 represents a discount of 3.2% to the median P/NAV multiples of 1.56x in the five-year period prior to and including the LTD.*

LETTER TO SHAREHOLDERS

- (8) *The P/RNAV multiple of 1.46x implied by the Final Offer Consideration represents premia of 6.6%, 13.2%, 13.2%, 6.6% and 2.1% to the median P/NAV multiples of 1.37x, 1.29x, 1.29x, 1.37x and 1.43x respectively in the one-month, three-month, six-month, twelve-month and three-year periods prior to and including the LTD. It is also at a premium of 5.8% to the P/NAV multiple of 1.38x as at LTD. The P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 represents a discount of 6.4% to the median P/NAV multiples of 1.56x in the five-year period prior to and including the LTD.*
- (9) *The P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 is equal to the median P/NAV of 1.51x from LTD to LPD and the P/NAV of 1.51x as at LPD.*
- (10) *The P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 represents a discount of 3.3% to the median P/NAV of 1.51x from LTD to LPD and the P/NAV of 1.51x as at LPD.*

Comparison with selected comparable listed companies

- (11) *We note the TTM EV/EBITDA multiple of 5.37x implied by the Final Offer Consideration of S\$0.600 per Share is above the range and represents a premium of 4.1% to the median TTM EV/EBITDA multiple of 5.16x for the selected comparable listed companies as at LPD.*
- (12) *We note the TTM PER multiple of 25.59x implied by the Final Offer Consideration of S\$0.600 per Share is above the range and represents a premium of 235.4% to the median TTM PER multiple of 7.63x for the selected comparable listed companies as at LPD.*
- (13) *We note the P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 per Share is above the median and mean and within the range of P/NAV multiples for the selected comparable listed companies.*
- (14) *We note the P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 per Share is above the median and mean and within the range of P/NAV multiples for the selected comparable listed companies.*

Comparison with selected precedent transaction

- (15) *The TTM EV/EBITDA multiple of the Company at 10.22x as implied by the Final Offer Consideration is marginally lower than the EV/EBITDA of the precedent transaction of 10.58x.*
- (16) *The P/NAV and P/RNAV multiples of 1.51x and 1.46x as implied by the Final Offer Consideration are above the P/NAV of the precedent transaction of 0.55x.*

Comparison of offer price premia with selected privatisations from the SGX-ST

- (17) *We note that the premia of 10.5%, 11.9%, 14.3% and 13.4% as implied by the Final Offer Consideration of S\$0.600 to the one-month, three-month, six-month and twelve-month VWAPs respectively are below the median and mean and within the range of premia for the selected privatisations from the SGX-ST. In*

LETTER TO SHAREHOLDERS

addition, we note that the premium of 9.1% in respect of the last closing price as at LTD is below the median and mean and within the range of premia for the selected privatisations from the SGX-ST.

Evaluation of other relevant key considerations relating to the Offer

- (18) We note the historical financial performance and position of the Company.*
- (19) We note the rationale for the Offer.*
- (20) We note the Consortium Arrangement between the Consortium Parties.*
- (21) We note the Offeror has received Loo Family Irrevocable Undertakings, Digileap Irrevocable Undertaking and NLH Irrevocable Undertaking.*
- (22) We note the Company has paid dividends in the past 5 years.*
- (23) We note the Offer is unconditional in all respects.*
- (24) We note the Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act. We note that on 19 June 2023, UOB announced, for and on behalf of the Offeror, that at 6.00pm Singapore time, the Offeror has received acceptances amounting to an aggregate of 281,383,700 Shares, representing approximately 70.04% of the total number of Shares. With reference to paragraph 4 of the letter to Shareholders in the Offer Document, we also note the Offeror has received NLH Irrevocable Undertaking of 83,067,500 Shares, representing approximately 20.68% of the total number of Shares.*
- (25) The Final Offer Consideration is final and the Offeror does not intend to revise the Final Offer Consideration.*

In assessing the fairness of the financial terms of the Offer, we have relied on a range of methodologies.

*Based upon our analysis and as set out above and having considered carefully the information available to us at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer are **FAIR**. Accordingly, we have considered the fair value of the Share to be between the S\$0.585 and S\$0.611, being the implied value of the median TTM EV/EBITDA multiple of selected comparable listed companies and the EV/EBITDA multiple of selected precedent transaction.*

*Transactions that are deemed to be **FAIR** will also be deemed to be **REASONABLE** unless there are extraneous factors which may negatively impact our opinion. In assessing reasonableness, we have considered points 18 to 25 above. For this instance, there are no extraneous factors which are deemed to negatively impact our opinion.*

LETTER TO SHAREHOLDERS

*Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer are **FAIR and REASONABLE**. Accordingly, we advise the Recommending Directors to recommend the Shareholders to accept the Offer.”*

Shareholders should read and consider carefully the key considerations relied upon by the IFA in arriving at its advice to the Recommending Directors in conjunction with, and in the context of, the full text of the IFA Letter.

10.3. Recommendation of the Recommending Directors

(a) Independence of Directors

Mr. Loo Leong Thye is an Executive Director and the Chief Executive Officer of the Company. He is also a director of the Offeror and holds an interest in the Offeror through his interest in the Promoter SPV.

Mr. Tan Keng Soon (Keith) is a Non-Executive Non-Independent Director of the Company. He is the Founding and Managing Partner of DAPES and is also a director of the Offeror.

Accordingly, Mr. Loo Leong Thye and Mr. Tan Keng Soon (Keith) will be participating in the Offer in a significant manner and not merely as concert parties of the Offeror, and will face irreconcilable conflicts of interest in relation to the Offer that would render it inappropriate for them to join the Recommending Directors in making a recommendation to Shareholders in connection with the Offer.

The SIC had ruled on 25 May 2023 that (i) each of Mr. Loo Leong Thye and Mr. Tan Keng Soon (Keith) are exempted from making a recommendation to Shareholders in respect of the Offer; and (ii) each of Mr. Loo Leong Thye and Mr. Tan Keng Soon (Keith) must, however, still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer.

(b) Recommendation of the Recommending Directors

The Recommending Directors have reviewed and considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter. The Recommending Directors concur with the IFA's assessment of the Offer and its advice and recommendation thereto, as extracted from the IFA Letter and reproduced in section 10.2 above. Accordingly, the Recommending Directors recommend that the Shareholders **ACCEPT** the Offer.

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER SET OUT AS APPENDIX A (IFA LETTER) TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER.

LETTER TO SHAREHOLDERS

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders should note that the IFA's advice to the Recommending Directors in relation to the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer.

In rendering the advice and recommendation above, both the IFA and the Recommending Directors have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each Shareholder may have different investment objectives and profiles, the Recommending Directors would advise that any Shareholder who may require specific advice in relation to his/her/its investment objectives or portfolio should consult his/her/its stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

11. OVERSEAS PERSONS

Paragraph 10 of the Offer Document sets out information relating to Overseas Persons, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document

"10. OVERSEAS PERSONS

*The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (each, an "**Overseas Person**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Person should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror, UOB, CDP and the Share Registrar each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been, or may not be, sent.***

*Copies of this Offer Document, the Notification Letter, the Acceptance Forms and/or any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, means, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

LETTER TO SHAREHOLDERS

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility.

Overseas Persons may, nonetheless, obtain copies of the Notification Letter, the Acceptance Forms and/or any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, CDP (if he is a depositor) by contacting CDP via telephone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com), or the Share Registrar (if he is a scripholder), Boardroom Corporate & Advisory Services Pte. Ltd. at its office located at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632.

Alternatively, an Overseas Person may write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Share Registrar (if he is a scripholder) at its address listed above, to request for the Notification Letter, the Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at the Overseas Person's own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document, the Notification Letter, the FAA and the FAT are also available on the website of the SGX-ST at www.sgx.com.

*It is the responsibility of any Overseas Person who wishes to (a) request for the Notification Letter, the Acceptance Forms and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Person shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including UOB) shall be fully indemnified and held harmless by such Overseas Person for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including UOB) may be required to pay. In (i) requesting for the Notification Letter, the Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Person represents and warrants to the Offeror and UOB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Person who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

The Offeror and UOB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Persons) by announcement on the website of the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Person) to receive or see such announcement, notice or advertisement."

LETTER TO SHAREHOLDERS

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1. Electronic Dissemination of this Circular and Despatch of Notice to Shareholders

Pursuant to the Public Statement on the Further Extension of the Temporary Measure to Allow for Electronic Despatch of Take-over Documents issued on 29 June 2021 by the SIC under the Code, as supplemented from time to time, the Company has opted to electronically disseminate this Circular. Accordingly, please note that no printed copies of this Circular will be despatched to Shareholders.

Instead, this Circular has been despatched electronically to the Shareholders through publication on the websites of the SGX-ST and the Company. The Notice to Shareholders containing instructions on how the Shareholders can locate this Circular electronically has been despatched by post to the Shareholders.

Electronic copies of this Circular and the Notice to Shareholders are available on the website of the SGX-ST at www.sgx.com and on the website of the Company at www.challengerasia.com.

12.2. Shareholders who WISH TO ACCEPT the Offer. Shareholders who wish to accept the Offer, must do so not later than 5.30 p.m. (Singapore time) on 11 July 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror and should follow the procedures for acceptance of the Offer as set out in Appendix VI to the Offer Document and in the accompanying FAA and/or FAT (as applicable).

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Share Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. (Singapore time) on 11 July 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

12.3. Shareholders who DO NOT WISH TO ACCEPT the Offer. Shareholders who do not wish to accept the Offer do not need to take any further action in respect of the Offer Document, the FAA and/or the FAT.

13. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

Paragraph 13 of the Offer Document sets out information relating to CPFIS Investors and SRS Investors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“CPFIS Investors will receive further information on how to accept the Offer from the CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks, which may be earlier than the Closing Date. CPFIS Investors who validly accept the Offer will receive the Final Offer Consideration payable in respect of their Offer Shares in their CPF investment accounts.”

LETTER TO SHAREHOLDERS

SRS Investors will receive further information on how to accept the Offer from the SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks, which may be earlier than the Closing Date. SRS Investors who validly accept the Offer will receive the Final Offer Consideration payable in respect of their Offer Shares in their SRS investment accounts.”

14. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, parties acting in concert with the Offeror, the Offer, the Offer Announcement, the Price Revision Announcement, the Offer Document, the IFA Letter and the Valuation Report) are fair and accurate and, where appropriate, no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. The Directors jointly and severally accept full responsibility accordingly.

In respect of the IFA Letter and the Valuation Report, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the Price Revision Announcement, the Offer Document, the IFA Letter and the Valuation Report), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

15. ADDITIONAL GENERAL INFORMATION

Additional general information is provided in **Appendix 2 (Additional General Information)** to this Circular.

The attention of Shareholders is also drawn to the additional information set out in the other Appendices which form part of this Circular.

Yours faithfully

By order of the Board
CHALLENGER TECHNOLOGIES LIMITED

Chia Foon Yeow
Company Secretary

27 June 2023

APPENDIX A: IFA LETTER

INDEPENDENT FINANCIAL ADVISER'S LETTER

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD
(Incorporated in the Republic of Singapore)
Company Registration Number: 200200144N

PRIVATE & CONFIDENTIAL

27 June 2023

The Recommending Directors
Challenger Technologies Limited (“**Challenger**” or the “**Company**”)
1 Ubi Link Challenger TechHub
Singapore 408553

Dear Sir/Madam,

INDEPENDENT FINANCIAL ADVISER'S LETTER IN RELATION TO THE VOLUNTARY UNCONDITIONAL CASH OFFER BY UNITED OVERSEAS BANK LIMITED (“UOB”) FOR AND ON BEHALF OF DIGITECH HOLDING LIMITED (THE “OFFEROR”)

*For the purpose of this letter (the “**Letter**”), capitalised terms not otherwise defined shall have the meaning given to them in the circular to the Shareholders dated 27 June 2023 (the “**Circular**”) in relation to the above matters.*

1. INTRODUCTION

1.1. Offer Announcement

On 30 May 2023 (“**Offer Announcement Date**”), UOB announced, for and on behalf of the Offeror, *inter alia*, that the Offeror intends to make an Offer for all the Offer Shares, in accordance with Rule 15 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2. Price Revision Announcement

On 6 June 2023, the Offeror announced in the Price Revision Announcement, *inter alia*, the revision of the consideration for the Offer Shares to the Final Offer Consideration (as defined herein) of S\$0.600 for each Offer Share and that the Offeror does not intend to revise the Final Offer Consideration.

A copy of the Price Revision Announcement is available on the website of the SGX-ST at www.sgx.com.

APPENDIX A: IFA LETTER

1.3. Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.4. Appointment of Independent Financial Adviser (“IFA”)

Deloitte & Touche Corporate Finance Pte Ltd (“**Deloitte**”) has been appointed as the IFA to advise the Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, being Mr. Max Ng Chee Weng, Mr. Tan Han Beng, Mr. Tan Wee Ko and Mr. Choo Yiang Hong, Francis (“**Recommending Directors**”) for the purpose of making a recommendation to the Shareholders in connection with the Offer.

This Letter sets out our assessment of the financial terms of the Offer and our recommendation to the Recommending Directors. It will form part of the Circular which will contain the recommendations of the Recommending Directors on the actions to be taken by the Shareholders.

2. TERMS OF REFERENCE

We have confined our evaluation and assessment to the financial terms of the Offer and have not taken into account the commercial risks or commercial merits of the Offer.

We have not been requested and we do not express any advice or give any opinion on the merits of the Offer relative to any other alternative. We were not involved in the negotiations pertaining to the Offer nor were we involved in the deliberations leading up to the decision to put forth the Offer.

The scope of our appointment does not require us to express, and we do not express any view on the future growth prospects, financial position or earnings potential of the Company, although we may draw upon the views of the Directors or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors. This Letter therefore does not reflect any projections on the future financial performance of the Company.

We have not been requested or authorised to solicit and we have not solicited any indications of interest from any third party with respect to the Shares. In that regard, we have not addressed the relative merits of the Offer in comparison with any alternative transaction that the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendations.

In formulating our opinion and recommendation, we have held discussions with the Recommending Directors and the management of the Company and have relied to a considerable extent on the information set out in the Offer Document, other public information collated by us and the information, representations, opinions, facts and statements provided to us whether written or verbal by the Company and its professional advisers. We have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information. We have made reasonable enquiries and exercised our judgement

APPENDIX A: IFA LETTER

on the reasonable use of such information and have found no reason to doubt the reliability of such information.

The management of the Company has confirmed to us that, having made all reasonable inquiries and to the best of their knowledge and belief, all material information relating to the Company and the Offer has been disclosed to us, that such information is true, complete and accurate in all material respects, and that there is no other material information or fact, the omission of which would cause any information disclosed to us to be inaccurate, incomplete or misleading in any material respect, in each case as at 19 June 2023 (the “**Latest Practicable Date**”). The Directors collectively and individually accept full responsibility for the accuracy of the information described herein. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

The information which we relied on is based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. The Shareholders should take note of any announcements relevant to their consideration of the Offer which may be released after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of individual Shareholders. As each Shareholder may have different investment profiles and objectives, we advise the Recommending Directors to recommend that the Shareholders who may require specific advice in relation to their investment portfolio should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular. Accordingly, we take no responsibility for and express no view, whether express or implied, on the contents of the Circular.

We hereby consent to a copy of this Letter to be reproduced in the Circular. Save for such use, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes at any time and in any manner, without the prior written consent of Deloitte in each specific case.

This Letter and our opinion is addressed to the Recommending Directors for their benefit and deliberation in respect of the Offer. The recommendations made by the Recommending Directors to the Shareholders in relation to the Offer shall remain the responsibility of the Recommending Directors. Our recommendation to the Recommending Directors in relation to the Offer should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

As set out in the Offer Document, the Offer is made on the following terms and conditions:

APPENDIX A: IFA LETTER

3.1. Terms of the Offer

Paragraph 2 of the Offer Document sets out information on the principal terms and conditions of the Offer as made by the Offeror, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“2. THE OFFER

2.1 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Shares, other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer (collectively, the “Offer Shares”, and each, an “Offer Share”).

2.2 Consideration

As stated in the Price Revision Announcement, the consideration for each Offer Share has been revised to the following:

For each Offer Share: S\$0.60 in cash (the “Final Offer Consideration”).

The Offeror does not intend to revise the Final Offer Consideration.

2.3 No Encumbrances.

The Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (collectively, the “Encumbrances”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital (collectively, the “Distributions” and each, a “Distribution”), if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). In the event that any Distribution is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Final Offer Consideration by the amount of such Distributions paid by the Company to the accepting Shareholder.

2.4 Unconditional Offer

As at the Latest Practicable Date, the Offeror and parties acting in concert with it hold Shares representing more than 50% of the total number of issued Shares. Accordingly, the Offer is not conditional upon a minimum number of acceptances being received by the Offeror.

The Offer is unconditional in all respects.

2.5 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions).”

APPENDIX A: IFA LETTER

3.2. Details of the Offer

Further details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer, are set out in Appendix V to the Offer Document.

3.3. Closing Date

The Offer Document states that except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the date of electronic despatch of the Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 11 July 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.4. Procedures for Acceptance

The procedures for acceptance of the Offer are set out in Appendix VI to the Offer Document.

4. INFORMATION ON THE OFFEROR, THE SPONSOR AND THE CONSORTIUM PARTIES

Paragraph 3 of the Offer Document sets out information on the Offeror, the Sponsor and the Consortium Parties, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“3. INFORMATION ON OFFEROR, THE SPONSOR AND THE CONSORTIUM”

3.1 Information on the Offeror

The Offeror is an investment holding company incorporated in the Cayman Islands on 4 April 2023. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$100, comprising 100 ordinary shares (the “Offeror Shares”), which are held by the shareholders of the Offeror as follows:

<i>Shareholder of the Offeror</i>	<i>Shareholding Percentage</i>
<i>Asia Consumer Electronics Limited (as general partner for and on behalf of Asia Consumer Electronics, L.P.)</i>	<i>35%</i>
<i>Fortuna Capital Limited</i>	<i>65%</i>
<i>Total</i>	<i>100%</i>

The board of directors of the Offeror comprises Mr. Loo Leong Thye (“LLT”) and Mr. Tan Keng Soon (Keith) (Founding and Managing Partner of Dymon Asia Private Equity (Singapore) Pte. Ltd. (“DAPES”).

As at the Latest Practicable Date, the Offeror has an interest in 217,100 Shares, representing approximately 0.05% of the total number of issued Shares.

APPENDIX I to this Offer Document sets out certain additional information on the Offeror.

APPENDIX A: IFA LETTER

3.2 Shareholding in the Offeror

The shareholding in the Offeror will be maintained at the shareholding proportions set out in paragraph 3.1 above until the close of the Offer.

3.3 Information on the Sponsor

Asia Consumer Electronics Limited (as general partner for and on behalf of Asia Consumer Electronics, L.P.) (the “Sponsor”) is a special purpose vehicle incorporated under the laws of the Cayman Islands on 4 February 2019. The Sponsor is wholly-owned by Diamond GP Holdings II Ltd, which is in turn wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P.) (“Dymon Asia”). Dymon Asia is managed by DAPES, a Singapore-based fund manager that manages three (3) private equity funds, namely Dymon Asia Private Equity (S.E. Asia) Fund I, L.P., a fund with commitments of S\$300 million, Dymon Asia Private Equity (S.E. Asia) Fund II, L.P., a fund with commitments of US\$450 million and Dymon Asia Private Equity (S.E. Asia) Fund III, L.P., a fund with commitments of US\$650 million. Dymon Asia is wholly-owned by DAPE Ltd.

As at the Latest Practicable Date, the Sponsor has an interest in the 72,076,524 Shares held by its wholly-owned subsidiary Digileap Capital Limited (“Digileap”) and the 217,100 Shares held by the Offeror, representing in aggregate approximately 17.99% of the total number of issued Shares. Save for their interest in the Shares held by Digileap and the Offeror, none of the Sponsor, Dymon Asia, or funds managed or advised by DAPES or Dymon Asia Capital Ltd. (the holding company of the Dymon group) has an interest in any Shares as at the Latest Practicable Date.

3.4 Information on the Promoter SPV and the Loo Family Members

Fortuna Capital Limited (the “Promoter SPV”) is a special purpose vehicle wholly-owned by LLT, which was incorporated under the laws of the Cayman Islands on 4 April 2023.

As at the Latest Practicable Date, the Promoter SPV has an interest in the 217,100 Shares held by the Offeror, representing approximately 0.05% of the total number of issued Shares.

As at the Latest Practicable Date, LLT and his family members (comprising his wife, Mdm. Ong Sock Hwee (“OSH”), daughter, Ms. Loo Pei Fen (“LPF”), and son, Mr. Loo Wei Kiat (“LWK”)) (collectively, the “Loo Family Members” and each, a “Loo Family Member”) are interested in an aggregate of 190,333,950 Shares, representing approximately 47.38% of the total number of issued Shares, the details of which are set out below:

- (a) LTT has a direct interest in 148,352,250 Shares, representing approximately 36.93% of the total number of issued Shares and a deemed interest in the 217,100 Shares held by the Offeror, representing approximately 0.05% of the total number of issued Shares;
- (b) OSH has a direct interest in 36,633,250 Shares, representing approximately 9.12% of the total number of issued Shares;
- (c) LPF has a direct interest in 4,492,500 Shares, representing approximately 1.12% of the total number of issued Shares; and
- (d) LWK has a direct interest in 638,850 Shares, representing approximately 0.16% of the total number of issued Shares.

LTT is an Executive Director and the Chief Executive Officer of the Company and LPF is the Managing Director of the Company.

APPENDIX A: IFA LETTER

APPENDIX II to this Offer Document sets out certain additional information on the Promoter SPV.

3.5 Consortium Arrangements

The Sponsor, the Promoter SPV and LLT (collectively, the "Consortium Parties") have agreed to form a consortium through the Offeror to undertake the Offer. The Offeror Shareholders have, on the Offer Announcement Date, entered into the following arrangements (collectively, the "Consortium Arrangements"):

- (a) a shareholders' agreement (the "SHA") to, *inter alia*, regulate the relationship of the Sponsor and the Promoter SPV *inter se* as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer).

As the Offeror and the Consortium Parties intend and desire that there be continuity of management and minimal interruption to the business of the Company, the Offeror and the Consortium Parties have agreed under the SHA that after the completion of the Offer and subject to the Company having being delisted following the completion of the Offer, LLT shall, and the Promoter SPV and LLT shall procure that LPF shall, extend their respective existing service agreements on the same terms, for an initial term of four (4) years.

Pursuant to the terms of the SHA, the Consortium Parties have also agreed, *inter alia*, that:

- (i) save for matters relating to the Loo Family Irrevocable Undertakings (as defined below) and the Digileap Irrevocable Undertaking (as defined below), all matters in relation to the Offer will require the unanimous approval of the Sponsor and the Promoter SPV;
- (ii) the funds required to finance the Offer will be obtained from a combination of (A) the Set-Off Amounts, (B) the UOB Facility, and (C) an interest-free loan from the Sponsor (the "Sponsor Cash Contribution");
- (iii) following the completion of the Offer, or if invoked, the exercise of the Offeror's right of compulsory acquisition (collectively, the "Transaction"), the Sponsor Cash Contribution will be converted into additional 35 Offeror Shares to be held by the Sponsor and the Promoter SPV will subscribe for additional 65 Offeror Shares at an issue price of S\$1.00 each;
- (iv) the Sponsor shall be entitled to request the appointment of one (1) director to the board of directors of the Offeror and the Promoter SPV shall be entitled to request the appointment of two (2) directors to the board of directors of the Offeror; and
- (v) save for the pledging of the Offeror Shares or the using of the Offeror Shares as security in connection with the UOB Facility, each of the Sponsor and the Promoter SPV has undertaken not to, for a specified period (that is, the period commencing from the date of the SHA and (in the case of the Sponsor) ending on the second (2nd) anniversary of the completion of the Transaction or (in the case of the Promoter SPV) ending on the fourth (4th) anniversary of the completion of the Transaction), dispose of or create encumbrances over the Offeror Shares that each owns without the approval or consent of the other party;
- (b) the Promoter SPV and LLT have procured the provision by each of the Loo Family Members of an irrevocable undertaking in favour of the Offeror (each, a "Loo Family");

APPENDIX A: IFA LETTER

Irrevocable Undertaking” and collectively, the “Loo Family Irrevocable Undertakings”), pursuant to which he/she will undertake and/or agree, inter alia:

- (i) to accept the Offer in respect of all the Shares held by him/her (the details of which are set out in paragraph 3.4 of this Offer Document), and any Shares which he/she may, directly or indirectly, acquire on or after the date of the Loo Family Irrevocable Undertakings;*
 - (ii) not to transfer or otherwise dispose of any Shares held by him/her during the period commencing from the date of the Loo Family Irrevocable Undertakings and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) other than in accordance with the terms of the Loo Family Irrevocable Undertakings; and*
 - (iii) to waive all of his/her rights, whether arising under Rule 30 of the Code or otherwise, to receive any cash settlement or payment for acceptance of the Offer (such cash settlement or payment, the “Loo Family Set-Off Amounts”); and*
- (c) the Sponsor has procured the provision by Digileap of an irrevocable undertaking in favour of the Offeror (the “Digileap Irrevocable Undertaking”) pursuant to which Digileap will undertake and/or agree, inter alia:*
- (i) to accept the Offer in respect of all the Shares held by it, and any Shares which it may, directly or indirectly, acquire on or after the date of the Digileap Irrevocable Undertaking;*
 - (ii) not to transfer or otherwise dispose of any Shares held by it during the period commencing from the date of the Digileap Irrevocable Undertaking and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) other than in accordance with the terms of the Digileap Irrevocable Undertaking; and*
 - (iii) to waive all of its rights, whether arising under Rule 30 of the Code or otherwise, to receive any cash settlement or payment for acceptance of the Offer (such cash settlement or payment, together with the Loo Family Set-Off Amounts, the “Set-Off Amounts”).*

3.6 SIC Ruling

The SIC has confirmed that the Consortium Arrangements do not constitute special deals for the purposes of Rule 10 of the Code.”

5. IRREVOCABLE UNDERTAKINGS

Paragraph 4 of the Offer Document sets out information on the undertakings provided by each of the Undertaking Shareholders, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“4. THE IRREVOCABLE UNDERTAKINGS

4.1 Details of Irrevocable Undertaking.

In addition to the Loo Family Irrevocable Undertakings and the Digileap Irrevocable Undertaking, Mr. Ng Leong Hai (“NLH”, and together with the Loo Family Members and Digileap, the “Undertaking Shareholders”) has provided an irrevocable undertaking in favour

APPENDIX A: IFA LETTER

of the Offeror (the “NLH Irrevocable Undertaking”, and together with the Loo Family Irrevocable Undertakings and the Digileap Irrevocable Undertaking, the “Irrevocable Undertakings” and each, an “Irrevocable Undertaking”) pursuant to which he will undertake and/or agree, inter alia:

- (a) to accept the Offer in respect of all the Shares held by him, and any Shares which he may, directly or indirectly, acquire on or after the date of the NLH Irrevocable Undertaking; and
- (b) not to transfer or otherwise dispose of any Shares held by him during the period commencing from the date of the NLH Irrevocable Undertaking and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) other than in accordance with the terms of the NLH Irrevocable Undertaking.

For the avoidance of doubt, there is no term in the NLH Irrevocable Undertaking pursuant to which NLH will receive any benefit that is not being offered to the other Shareholders.

Details of the Undertaking Shareholders’ shareholding in the Company as at the Latest Practicable Date which will be tendered in acceptance of the Offer by them pursuant to their respective Irrevocable Undertakings are as follows:

Shareholder	Number of Shares to be tendered in acceptance of the Offer	Percentage of the total number of Shares ⁽¹⁾
LLT	148,352,250	36.93%
OSH	36,633,250	9.12%
LPF	4,492,500	1.12%
LWK	638,850	0.16%
Digileap	72,076,524	17.94%
NLH	83,067,500	20.68%
Total	345,260,874	85.94%

Note:

- (1) The percentage shareholding interest is based on the issued share capital of 401,759,685 Shares based on publicly available information as at the Latest Practicable Date. Percentages are rounded to the nearest two (2) decimal places.

4.2 Termination of Irrevocable Undertakings

The Irrevocable Undertakings will terminate or lapse if the Offer is withdrawn or lapses, other than due to a breach of any of the Loo Family Members’, Digileap’s or NLH’s (as the case may be) obligations under the relevant Irrevocable Undertaking.

4.3 No other Irrevocable Undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer.

As at the Latest Practicable Date, the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it, together with the total number of

APPENDIX A: IFA LETTER

Shares to which the Irrevocable Undertakings relate, is an aggregate of 345,477,974 Shares, representing approximately 85.99% of the total number of issued Shares.”

6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

Paragraph 6 of the Offer Document sets out information on the rationale for the Offer and the Offeror's intentions for the Company, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

“6. RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY

6.1. Low Trading Liquidity of Shares

The trading volume of the Shares has been low, with an average daily trading volume¹ of approximately 94,335 Shares, 40,119 Shares, 28,626 Shares and 18,043 Shares during the respective one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including 29 May 2023 (the “Last Trading Day”), being the last full Market Day immediately before the Offer Announcement Date. Each of these represents less than 0.03% of the total number of issued Shares for any of the aforementioned relevant periods.

Shareholders should note that a significant minority investor had been in discussions with Digileap regarding a proposed sale of 9,182,500 Shares beneficially owned by the investor to Digileap. The transaction was concluded on 17 January 2023, with Digileap acquiring 9,182,500 Shares by way of a married trade at a price of S\$0.50 per Share (the “January Trade”). The average daily trading volumes above exclude the January Trade. Save for the January Trade, there were no other married trade transactions for the Shares during the 12-month period up to and including the Last Trading Day.

The Offer and Final Offer Consideration therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium over the historical traded prices of the Shares, which may otherwise not be available given the low trading liquidity of the Shares.

6.2 Final Offer Consideration at a Premium over the Historical Traded Share Prices

The Final Offer Consideration represents a premium of 9.1% over the last transacted price per Share of S\$0.550 on the Last Trading Day.

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Final Offer Consideration represents a premium of approximately 10.5%, 11.9%, 14.3% and 13.4% over the volume weighted average price (“VWAP”) per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month periods, respectively.

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the historical traded prices of the Shares without incurring brokerage and other trading costs.

6.3 Greater Management Flexibility

As described in paragraph 8.3 of this Offer Document, the Offeror is making the Offer with a view to delisting the Company from the Mainboard of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its

APPENDIX A: IFA LETTER

management and capital resources and facilitate the implementation of any operational changes without the attendant costs, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

The Company operates in a challenging electrical and electronics retail business environment in Singapore, where the market is saturated and competitive pressures may increase margin pressure. Coupled with weak retail sentiment and industry disruption resulting from the rise in e-commerce, the Company has experienced a decline in revenue over the last five (5) years.

In order to navigate the challenging business environment, the Offeror believes that the Company may have to implement changes to its business, which will require management commitment and allocation of resources in the near to mid-term in the face of rising operating costs. During such time, dividends from the Company could be affected.

6.4 Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

6.5 Offeror's Intentions for the Company

Subject to normal business conditions and other than in the normal course of business, the Offeror does not intend to (a) make major changes to the business of the Company or its management team; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Group. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interests of the Company.

Footnote 1: The average daily trading volume is based on data extracted from Bloomberg Finance L.P. and is calculated by using the total volume of Shares traded divided by the number of Market Days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Trading Day."

7. THE OFFEROR'S INTENTION REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

Paragraph 8 of the Offer Document sets out information on the Offeror's intentions relation to the listing status and compulsory acquisition of the Company, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the meanings ascribed to them in the Offer Document.

"8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

APPENDIX A: IFA LETTER

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

8.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the "Dissenting Shareholders") at a price equal to the Final Offer Consideration.

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Final Offer Consideration.

8.3 Offeror's Intentions

The Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands.

In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the "Voluntary Delisting Rules"). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the "Independent Shareholders") representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST's waiver from strict compliance with such Voluntary Delisting Rules.

In the event that the public float is lost and the Offeror is unable to exercise its right of compulsory acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension."

APPENDIX A: IFA LETTER

8. OUR ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

General bases and assumptions

Pursuant to the Offer Document, the Offeror made the Offer for all Offer Shares, at S\$0.600 for each Offer Share (“**Final Offer Consideration**”). The Offer is extended, on the same terms and conditions, to all the outstanding Shares, other than those held, directly or indirectly, by the Offeror as at the date of the Offer (collectively, the “**Offer Shares**”, and each, an “**Offer Share**”).

Implied value of the Final Offer Consideration	
Final Offer Consideration for each Share (in cash)	S\$0.600
Net Asset Value (“ NAV ”) per Share as at 31 December 2022	S\$0.398
Implied P/NAV	1.51x
Revalued Net Asset Value (“ RNAV ”) per Share as at 31 December 2022 ⁽¹⁾	S\$0.411
Implied P/RNAV	1.46x

Note:

(1) The RNAV is adjusted based on the Valuation Report (as defined herein) of the Company’s leasehold property at 1 Ubi Link Challenger TechHub, Singapore 408553

On 29 May 2023, Challenger requested for a trading halt prior to the opening of the trading on that day. The duration of the trading halt was from 29 May 2023 to 30 May 2023. On 30 May 2023, UOB announced, *inter alia*, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional cash offer of S\$0.560 for each Offer Share. As such we recognise that 29 May 2023 is the last trading day (the “**Last Trading Day**” or “**LTD**”), being the last full market day on which the Shares were traded, prior to the release of the Offer Announcement. On 6 June 2023, the Offeror announced in the Price Revision Announcement, *inter alia*, the revision of the consideration for the Offer Shares to the Final Offer Consideration of S\$0.600 for each Offer Share and that the Offeror does not intend to revise the Final Offer Consideration. 19 June 2023 is the latest practicable date (the “**Latest Practicable Date**” or “**LPD**”).

We have confined our evaluation to the financial terms of the Offer. In evaluating the financial terms of the Offer, we have assessed the value of the Shares as implied by the Final Offer Consideration. In addition, we have also taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

Evaluation of whether the Shares as implied by the Final Offer Consideration is fairly valued

- (1) Market quotations and liquidity of the Shares;
- (2) Historical market performance and trading activity of the Shares;
- (3) Historical financial performance and position of the Company;
- (4) P/NAV multiples of the Shares relative to the P/NAV and P/RNAV multiples implied by the Final Offer Consideration;
- (5) Comparison with selected comparable listed companies;
- (6) Comparison with selected precedent transaction;

APPENDIX A: IFA LETTER

(7) Comparison of offer price premia with selected privatisations from the SGX-ST;

Evaluation of other relevant key considerations relating to the Offer

- (8) Rationale for the Offer;
- (9) Consortium Arrangement;
- (10) Irrevocable undertaking provided by NLH;
- (11) Dividend track record of the Company; and
- (12) Other selected considerations which have a significant bearing on our assessment.

Summary analysis of the Final Offer Consideration

Figure 1: Summary Analysis Table

	Median ⁽¹⁾	Mean ⁽¹⁾	Maximum ⁽¹⁾	Minimum ⁽¹⁾	Implied by the Offer ⁽²⁾	Median – Mean Range ⁽³⁾	Max – Min Range ⁽³⁾
Summary analysis of the Final Offer Consideration							
Liquidity analysis							
Past 12-month ADT volume over free float up to LTD	0.32%	0.33%	0.94%	0.09%	0.02%		
Past 12-month ADT value over market cap. up to LTD	0.17%	0.20%	0.65%	0.02%	0.00%		
Historical trading range⁽⁴⁾							
Last traded price on LTD ⁽⁵⁾	0.550				0.600	Above	
LTD: 29 May 2023	VWAP = 0.557		0.560	0.550	0.600	Above	Above
1-month (prior to & including LTD)	VWAP = 0.543		0.560	0.520	0.600	Above	Above
3-month (prior to & including LTD)	VWAP = 0.536		0.560	0.480	0.600	Above	Above
6-month (prior to & including LTD)	VWAP = 0.525		0.560	0.470	0.600	Above	Above
12-month (prior to & including LTD)	VWAP = 0.529		0.570	0.470	0.600	Above	Above
3-year (prior to & including LTD)	VWAP = 0.529		0.635	0.420	0.600	Above	Within
5-year (prior to & including LTD)	VWAP = 0.530		0.635	0.385	0.600	Above	Within
From LTD to LPD	VWAP = 0.593		0.605	0.550	0.600	Above	Within
LPD: 19 June 2023	VWAP = 0.600		0.600	0.600	0.600	Within	Within
Historical P/NAV multiples							
LTD: 29 May 2023	1.38x				1.51x	Above	
1-month period up to the LTD	1.37x	1.37x	1.39x	1.32x	1.51x	Above	Above
3-month period up to the LTD	1.29x	1.30x	1.39x	1.21x	1.51x	Above	Above
6-month period up to the LTD	1.29x	1.30x	1.39x	1.21x	1.51x	Above	Above
12-month period up to the LTD	1.37x	1.36x	1.48x	1.21x	1.51x	Above	Above

APPENDIX A: IFA LETTER

	Median ⁽¹⁾	Mean ⁽¹⁾	Maximum ⁽¹⁾	Minimum ⁽¹⁾	Implied by the Offer ⁽²⁾	Median – Mean Range ⁽³⁾	Max – Min Range ⁽³⁾
Summary analysis of the Final Offer Consideration							
3-year period up to the LTD	1.43x	1.46x	1.74x	1.21x	1.51x	Above	Within
5-year period up to the LTD	1.56x	1.62x	2.12x	1.21x	1.51x	Below	Within
from LTD to LPD	1.51x	1.49x	1.52x	1.38x	1.51x	Within	Within
LPD: 19 June 2023	1.51x				1.51x	Within	
P/RNAV against historical P/NAV multiples							
LTD: 29 May 2023	1.38x				1.46x	Above	
1-month period up to the LTD	1.37x	1.37x	1.39x	1.32x	1.46x	Above	Above
3-month period up to the LTD	1.29x	1.30x	1.39x	1.21x	1.46x	Above	Above
6-month period up to the LTD	1.29x	1.30x	1.39x	1.21x	1.46x	Above	Above
12-month period up to the LTD	1.37x	1.36x	1.48x	1.21x	1.46x	Above	Within
3-year period up to the LTD	1.43x	1.46x	1.74x	1.21x	1.46x	Within	Within
5-year period up to the LTD	1.56x	1.62x	2.12x	1.21x	1.46x	Below	Within
from LTD to LPD	1.51x	1.49x	1.52x	1.38x	1.46x	Below	Within
LPD: 19 June 2023	1.51x				1.46x	Below	
Selected comparable listed companies							
TTM EV/EBITDA as at LPD	5.16x	8.85x	19.90x	3.71x	5.37x	Within	Within
TTM PER as at LPD	7.63x	18.53x	41.83x	4.40x	25.59x	Above	Within
P/NAV as at LPD	1.42x	1.32x	1.89x	0.38x	1.51x	Above	Within
P/RNAV as at LPD	1.42x	1.32x	1.89x	0.38x	1.46x	Above	Within
Selected comparable precedent transaction							
EV/EBITDA ⁽⁶⁾	10.58x				10.22x	Below	
P/NAV	0.55x				1.51x	Above	
P/RNAV	0.55x				1.46x	Above	
Selected precedent privatisations							
Premium to last closing price on LTD ⁽⁵⁾	19.8%	34.7%	169.5%	2.4%	9.1%	Below	Within
Premium to 1-month VWAP	20.9%	38.3%	163.7%	4.2%	10.5%	Below	Within
Premium to 3-month VWAP	25.9%	39.6%	162.8%	5.0%	11.9%	Below	Within
Premium to 6-month VWAP	24.5%	39.3%	156.9%	(5.6%)	14.3%	Below	Within
Premium to 12-month VWAP	27.1%	40.5%	142.2%	(3.2%)	13.4%	Below	Within

Source: Bloomberg, company announcements

Legend:

Above: Favourable to Shareholders

Below: Unfavourable to Shareholders

APPENDIX A: IFA LETTER

Notes:

- (1) Median, mean, maximum and minimum of the respective benchmarks.
- (2) Implied by the Offer based on the Final Offer Consideration of S\$0.600 per Share.
- (3) Parameters implied by the Final Offer Consideration relative to the median, mean, maximum and minimum range of the respective benchmarks.
- (4) Median-Mean range for historical trading range of Shares reflects the VWAP for the respective periods. The VWAP is weighted based on the Shares traded and the corresponding transacted prices for market days in the reference periods.
- (5) This refers to the Challenger last closing price on the LTD of S\$0.550.
- (6) Depreciation of right-of-use assets and interest expense recognised under FRS116 Leases has been treated as part of operating expense for the calculation of EBITDA on a pre-FRS116 basis.

Impact of COVID-19

The outbreak of the Novel Coronavirus (“**COVID-19**”), declared by the World Health Organisation (“**WHO**”) as a ‘Global Pandemic’ on 11 March 2020 (“**WHO Announcement Date**”), has impacted global financial markets and market activity in many sectors. For the purposes of our analyses, we have evaluated the financial terms of the Offer by comparing the various metrics implied by the Final Offer Consideration against historical benchmarks across a range of different reference time periods, including the one-month, three-month, six-month, twelve-month, three-year, five-year periods up to and including the respective reference dates. These different time intervals may reflect periods before, within or around and after the peak of the COVID-19 pandemic which may have some impact on the overall analysis. We have not made any adjustments to the underlying metrics and benchmarks to account for COVID-19.

Evaluation of whether the Shares as implied by the Final Offer Consideration is fairly valued

8.1. Market quotations and liquidity of the Shares

We have evaluated the liquidity and free float of the Shares relative to the 30 STI Companies as at the LTD in order to determine whether the historical market prices of the Shares provide a meaningful benchmark and reference point for a comparison with the Final Offer Consideration.

The table below outlines the average daily trading volume for the past twelve-month (“**Past 12M ADT Volume**”) and the average daily trading value (“**Past 12M ADT Value**”) leading up to the LTD of the Shares and of the 30 STI Companies:

Figure 2: Liquidity analysis of the Shares and the 30 STI Companies

No.	Company name	Market Cap. ⁽¹⁾ (S\$' mn)	Free Float ⁽¹⁾ (%)	Free Float Shares ⁽¹⁾ (mn)	Past 12M ADT Volume ⁽²⁾ (‘000)	Past 12M ADT Value ⁽³⁾ (S\$' 000)	Past 12M ADT Volume/ Free Float ⁽²⁾ (%)	Past 12M ADT Value/ Market Cap. ⁽³⁾ (%)
1	DBS Group Holdings Ltd	81,164	70.0	1,815	4,058	133,573	0.22	0.16
2	Oversea-Chinese Banking Corporation Limited	54,998	85.0	3,830	5,189	63,287	0.14	0.12
3	United Overseas Bank Limited	47,108	85.0	1,429	2,883	82,875	0.20	0.18
4	Singapore Telecommunications Limited	40,762	48.0	7,915	24,753	63,557	0.31	0.16
5	Wilmar International Limited	24,846	28.0	1,773	6,128	24,696	0.35	0.10
6	Singapore Airlines Limited	18,863	67.0	1,980	4,241	23,629	0.21	0.13

APPENDIX A: IFA LETTER

No.	Company name	Market Cap. ⁽¹⁾ (S\$' mn)	Free Float ⁽¹⁾ (%)	Free Float Shares ⁽¹⁾ (mn)	Past 12M ADT Volume ⁽²⁾ ('000)	Past 12M ADT Value ⁽³⁾ (S\$' 000)	Past 12M ADT Volume/ Free Float ⁽²⁾ (%)	Past 12M ADT Value/ Market Cap. ⁽³⁾ (%)
7	Capitaland Investment Limited	17,568	43.0	2,187	7,614	27,770	0.35	0.16
8	Thai Beverage Public Company Limited	14,321	29.0	7,365	21,549	13,814	0.29	0.10
9	Jardine Matheson Holdings Limited	14,258	81.0	237	361	18,522	0.15	0.13
10	Capitaland Integrated Commercial Trust	13,303	77.0	5,115	20,400	41,343	0.40	0.31
11	Jardine Cycle & Carriage Limited	12,987	22.0	89	571	17,562	0.64	0.14
12	Genting Singapore Limited	12,313	47.0	5,684	25,547	23,825	0.45	0.19
13	Capitaland Ascendas REIT	11,890	65.0	2,869	10,992	30,693	0.38	0.26
14	Singapore Technologies Engineering Ltd	11,693	47.0	1,475	4,989	18,217	0.34	0.16
15	Keppel Corporation Limited	11,172	78.0	1,373	3,924	26,183	0.29	0.23
16	Singapore Exchange Limited	9,932	100.0	1,067	2,043	18,954	0.19	0.19
17	Hongkong Land Holdings Limited	9,501	47.0	1,037	2,221	10,227	0.21	0.11
18	Sembcorp Industries Ltd	8,965	50.0	898	4,211	14,600	0.47	0.16
19	Mapletree Pan Asia Commercial Trust	8,704	60.0	3,120	10,541	18,630	0.34	0.21
20	Mapletree Logistics Trust	8,156	68.0	3,382	13,948	23,167	0.41	0.28
21	Emperador Inc.	8,026	20.0	3,163	2,743	1,350	0.09	0.02
22	Mapletree Industrial Trust	6,219	73.0	2,001	5,307	12,739	0.27	0.20
23	City Developments Limited	6,149	57.0	514	1,685	13,108	0.33	0.21
24	UOL Group Limited	5,626	61.0	519	991	6,838	0.19	0.12
25	Yangzijiang Shipbuilding (Holdings) Ltd.	4,978	74.0	2,932	27,454	32,422	0.94	0.65
26	Frasers Logistics & Commercial Trust	4,505	71.0	2,634	10,185	12,804	0.39	0.28
27	Venture Corporation Limited	4,438	93.0	270	761	13,061	0.28	0.29
28	SATS Ltd.	4,090	70.0	1,036	5,196	14,916	0.50	0.36
29	DFI Retail Group Holdings Limited	3,804	22.0	301	470	1,351	0.16	0.04
30	Keppel DC REIT	3,647	80.0	1,372	5,119	9,919	0.37	0.27
	Median	10,552	66.0	1,794	5,054	18,576	0.32	0.17
	Mean	16,133	60.6	2,313	7,869	27,121	0.33	0.20
	Maximum	81,164	100.0	7,915	27,454	133,573	0.94	0.65
	Minimum	3,647	20.0	89	361	1,350	0.09	0.02

APPENDIX A: IFA LETTER

No.	Company name	Market Cap. ⁽¹⁾ (S\$' mn)	Free Float ⁽¹⁾ (%)	Free Float Shares ⁽¹⁾ (mn)	Past 12M ADT Volume ⁽²⁾ (^{'000})	Past 12M ADT Value ⁽³⁾ (S\$' 000)	Past 12M ADT Volume/ Free Float ⁽²⁾ (%)	Past 12M ADT Value/ Market Cap. ⁽³⁾ (%)
	Challenger⁽⁴⁾	221	23.0	92	18	10	0.02	0.00

Source: Bloomberg

Notes:

- (1) All figures are as at the LTD.
- (2) Average daily trading volume as a percentage of free float is computed taking the Past 12M ADT Volume up to the LTD divided by free float number of shares.
- (3) Average daily trading value as a percentage of market capitalisation is computed taking the Past 12M ADT Value up to the LTD divided by market capitalisation of the companies.
- (4) The Past 12M ADT Volume and Past 12M ADT Value of the Company as shown in Figure 2 above exclude the trade where Digileap acquired 9,182,500 Shares by way of a married trade at a price of S\$0.500 per Share ("**January Trade**").

We note the following in respect of the liquidity of Shares:

- (i) The Past 12M ADT Volume for Shares, as a percentage of Challenger's free float, is below the range of measures for the 30 STI Companies; and
- (ii) The Past 12M ADT Value for the Shares, as a percentage of Challenger's market capitalisation, is below the range of measures for the 30 STI Companies.

The above analyses indicate that the Shares are fairly illiquid, as such, we consider that the traded share price may not be the best indicator of fair value and also refer to alternatives such as net asset value per Share and revalued net asset value per Share.

8.2. Historical market performance and trading activity of the Shares

We have compared the Final Offer Consideration as at LTD against the market prices and trading volumes for the Shares for the five-year period prior to the LTD and up to the LPD in the chart below.

Figure 3: Historical Share Price and Trading Volume



Source: Bloomberg

APPENDIX A: IFA LETTER

Notes:

- (1) The volume traded as shown in the Figure 3 above excludes the January Trade.
 (2) “Share Price” refers to the closing price of the Shares on the relevant dates.

- (i) We note that the Final Offer Consideration of S\$0.600 is within the range of the highest and lowest traded Share Price of S\$0.635 and S\$0.385 respectively, in the five-year period prior to the LTD.

A list of selected announcements relating to the Shares for the five-year period prior to the LTD up to the LPD are as follows:

Figure 4: Selected Challenger Announcements

No.	Date	Details
1	19-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60, and the Level of Acceptances of Offer
2	16-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60, and the Level of Acceptances of Offer
3	15-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60, and the Level of Acceptances of Offer
4	14-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60, and the Level of Acceptances of Offer
5	13-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60, and the Level of Acceptances of Offer
6	13-Jun-23	Announcement of Electronic Despatch of Offer Document (Voluntary Unconditional Cash Offer)
7	12-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60
8	12-Jun-23	Announcement of Deloitte & Touche Corporate Finance Pte Ltd as Independent Financial Advisor
9	09-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60
10	08-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60
11	08-Jun-23	Announcement of Reponse to Voluntary Unconditional Cash Offer by United Overseas Bank Limited for and on Behalf of DigiTech Holding Limited
12	08-Jun-23	Announcement of Withdrawal of Voluntary Unconditional Cash Offer by United Overseas Bank Limited for and on Behalf of DigiTech Holding Limited – Revision of Offer Consideration and No Further Price Increase
13	07-Jun-23	Announcement of Dealings Disclosure (Voluntary Unconditional Cash Offer) at Consideration Paid Per Share of S\$0.60
14	06-Jun-23	Announcement of Voluntary Unconditional Cash Offer by United Overseas Bank Limited for and on Behalf of DigiTech Holding Limited – Revision of Offer Consideration and No Further Price Increase
15	30-May-23	Announcement of Request for Lifting of Trading Halt
16	30-May-23	Announcement of Offer Announcement (Voluntary Unconditional Cash Offer) at Consideration Paid per Share of S\$0.56
17	29-May-23	Announcement of Request for Trading Halt

APPENDIX A: IFA LETTER

No.	Date	Details
18	05-May-23	Announcement of Completion of the Proposed Disposal by Challenger Technologies Limited's wholly owned subsidiary, Challenge Venture Pte. Ltd. of its Entire 70% Shareholding Interest in inCall Systems Pte. Ltd.
19	03-May-23	Announcement of Corrigendum to the Announcements made on 1 March 2022, 4 March 2022, 10 March 2022, 9 May 2022 and 10 May 2022, in Relation to the Changes in Interests of Director/CEO – Loo Leong Thye where the Number of Ordinary Shares held was inadvertently misstated as 148,353,250, whereas the correct amount should be 148,352,250
20	03-May-23	Announcement of Reconstitution of Board and Board Committees
21	03-May-23	Announcement of Appointment of Mr Choo Yiang Hong, Francis, as Independent Director
22	28-Apr-23	Announcement of Proposed Disposal by the Company's wholly owned subsidiary, Challenge Venture Pte. Ltd. of its Entire 70% Shareholding Interest in inCall Systems Pte. Ltd.
23	26-Apr-23	Announcement of Results of the Annual General Meeting Held on 26 April 2023
24	17-Apr-23	Announcement of Cessation of Ms. Tan Chay Boon as Independent Director
25	12-Apr-23	Announcement of Corrigendum to the Annual Report for Financial Year ended 2022
26	04-Apr-23	Announcement of Annual Report for the Full Year ended 31 December 2022
27	17-Feb-23	Announcement of Financial Statements and Related Announcement for the Full Year ended 31 December 2022
28	17-Feb-23	Announcement of Final Dividends of S\$0.0125 Per Ordinary Share (One-Tier Tax Exempt) for the Financial Year ended 31 December 2022
29	31-Oct-22	Announcement of Appointment of Ms Loo Pei Fen as Managing Director
30	31-Oct-22	Announcement of Promotion of Ms Loo Pei Fen from Deputy Chief Executive Officer to Managing Director
31	04-Aug-22	Announcement of Financial Statements and Related Announcement for Six Months ended 30 June 2022
32	26-Apr-22	Announcement of Results of the Annual General Meeting Held on 26 April 2022
33	18-Apr-22	Announcement of Responses to Questions Received from Shareholders Prior to the Annual General Meeting to be Held on 26 April 2022
34	04-Apr-22	Announcement of Annual Report for the Full Year ended 31 December 2021
35	18-Feb-22	Announcement of Redesignation of Mr Max Ng Chee Weng as Independent Director to Non-Executive Independent Chairman of the Board
36	17-Feb-22	Announcement of Financial Statements and Related Announcement for the Full Year ended 31 December 2021
37	17-Feb-22	Announcement of Final Dividends of S\$0.028 Per Ordinary Share (Tax Exempt) for the Financial Year ended 31 December 2021
38	10-Feb-22	Announcement of Redesignation of Independent Director and Reconstitution of the Board
39	20-Dec-21	Announcement of Redesignation of Mr Yong Kim Hon as General Manager of Merchandising and Inventory Control to Chief Executive Officer of ITEZ.SG Pte. Ltd.
40	29-Nov-21	Announcement of Appointment of Mr Tan Keng Soon as Non-Executive Non-Independent Director
41	01-Nov-21	Announcement of Completion for the Proposed Subscription of 56,551,724 New Shares at S\$0.58 each for an Aggregate Consideration of S\$32,800,000

APPENDIX A: IFA LETTER

No.	Date	Details
42	21-Oct-21	Announcement of Receipt of Approval In-Principle from the SGX-ST for the Proposed Subscription of 56,551,724 New Shares at S\$0.58 each for an Aggregate Consideration of S\$32,800,000
43	13-Oct-21	Announcement of Request for Lifting of Trading Halt
44	13-Oct-21	Announcement of Proposed Subscription of 56,551,724 New Shares at S\$0.58 each for an Aggregate Consideration of S\$32,800,000
45	13-Oct-21	Announcement of Request for Trading Halt
46	05-Aug-21	Announcement of Financial Statements and Related Announcement for Six Months ended 30 June 2021
47	30-Jun-21	Announcement of Disclosure of the Company's Aggregate Cost of Investment in Quoted Securities Pursuant to Rule 704(17)(b) of the Listing Manual of the Singapore Exchange Securities Trading Limited
48	05-May-21	Announcement of Cessation of Mr Woon Yoon Siong as the Chief Technology Officer
49	28-Apr-21	Announcement of Results of the Annual General Meeting Held on 28 April 2021
50	26-Apr-21	Announcement of Responses to Questions Received from Shareholders Prior to the Annual General Meeting to be Held on 28 April 2021
51	12-Apr-21	Announcement of Annual Report for the Full Year ended 31 December 2020
52	09-Feb-21	Announcement of Final Dividends of S\$0.027 Per Ordinary Share (One-Tier Tax Exempt) for the Financial Year ended 31 December 2020
53	08-Feb-21	Announcement of Financial Statements and Related Announcement for the Full Year ended 31 December 2020
54	30-Oct-20	Announcement of Appointment of Ms Loo Pei Fen as Deputy Chief Executive Officer and Mr Ng Kian Teck as Chief Logistics Officer
55	30-Oct-20	Announcement of Promotion of Ms Loo Pei Fen from Chief Marketing Officer to Deputy Chief Executive Officer
56	30-Oct-20	Announcement of Promotion of Mr Ng Kian Teck from Senior Director (Special Projects) to Chief Logistics Officer
57	04-Aug-20	Announcement of Financial Statements and Related Announcement for Six Months ended 30 June 2020
58	11-Jun-20	Announcement of Results of the Annual General Meeting Held on 11 June 2020
59	09-Jun-20	Announcement of Responses to Questions Received from Shareholders and Various Parties Prior to the Annual General Meeting to be Held on 11 June 2020
60	05-Jun-20	Announcement of Response to SGX Queries on FY2019 Annual Report
61	28-May-20	Announcement of Final Dividends of S\$0.015 Per Ordinary Share (One-Tier Tax Exempt) for the Financial Year ended 31 December 2019
62	27-May-20	Announcement of Revised Annual Report for the Full Year ended 31 December 2019
63	14-Apr-20	Announcement of Annual Report for the Full Year ended 31 December 2019
64	04-Apr-20	Announcement of Withdrawal for Final Dividends of S\$0.015 Per Ordinary Share (One-Tier Tax Exempt) for the Financial Year ended 31 December 2019
65	14-Feb-20	Announcement of Final Dividends of S\$0.015 Per Ordinary Share (One-Tier Tax Exempt) for the Financial Year ended 31 December 2019
66	13-Feb-20	Announcement of Financial Statements and Related Announcement for the Full Year ended 31 December 2019

APPENDIX A: IFA LETTER

No.	Date	Details
67	04-Nov-19	Announcement of Financial Statements and Related Announcement for Third Quarter ended 30 September 2019
68	05-Aug-19	Announcement of Financial Statements and Related Announcement for Second Quarter/and or Half Yearly ended 30 June 2019
69	27-Jun-19	Announcement of Lapse of Exit Offer on Proposed Voluntary Delisting of Challenger Technologies Limited
70	27-Jun-19	Announcement of Request for Lifting of Trading Halt
71	27-Jun-19	Announcement of Corrigendum to the Announcement Dated 27 June 2019 Titled "Results Of Extraordinary General Meeting Held on 27 June 2019"
72	27-Jun-19	Announcement of Request for Trading Halt
73	27-Jun-19	Announcement of Request for Lifting of Trading Halt
74	27-Jun-19	Announcement of Results of Extraordinary General Meeting Held on 27 June 2019
75	27-Jun-19	Announcement of Request for Trading Halt
76	12-Jun-19	Announcement of Final Exit Offer Price by Digileap Capital Limited on the Proposed Voluntary Delisting of Challenger Technologies Limited
77	12-Jun-19	Announcement of Electronic Despatch of Offer Document (Voluntary Unconditional Cash Offer)
78	12-Jun-19	Announcement of Proposed Voluntary Delisting of Challenger Technologies Limited - Advice of Independent Financial Adviser
79	12-Jun-19	Announcement of Despatch of Delisting Circular and Exit Offer Letter
80	04-Jun-19	Announcement of Receipt of No Objection Letter from the Singapore Exchange Securities Trading Limited for the Proposed Voluntary Delisting of Challenger Technologies Limited
81	31-May-19	Announcement of Financial Statements and Related Announcements for First Quarter ended 31 March 2019, including 1Q2019 Auditor's Report and 1Q2019 IFA Report
82	27-May-19	Announcement of Indicative Timeline for the Proposed Voluntary Delisting of Challenger Technologies Limited
83	17-May-19	Announcement of Update of the Financial Statement for First Quarter ended 31 March 2019
84	10-May-19	Announcement of Financial Statements and Related Announcement for First Quarter ended 31 March 2019
85	29-Apr-19	Announcement of Results of Annual General Meeting Held on 29 April 2019
86	12-Apr-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
87	12-Apr-19	Announcement of Annual Report for the Full Year ended 31 December 2018
88	11-Apr-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
89	08-Apr-19	Announcement of New Leases secured in Singapore
90	01-Apr-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
91	29-Mar-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
92	28-Mar-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560

APPENDIX A: IFA LETTER

No.	Date	Details
93	27-Mar-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
94	26-Mar-19	Announcement of Deloitte & Touche Corporate Finance Pte Ltd as Independent Financial Advisor
95	26-Mar-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
96	25-Mar-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
97	22-Mar-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
98	21-Mar-19	Announcement of Dealings Disclosure on the Exit Offer in Connection with the Proposed Voluntary Delisting of Challenger Technologies at Consideration Paid Per Share of S\$0.560
99	20-Mar-19	Announcement of Request for Lifting of Trading Halt
100	20-Mar-19	Announcement of Proposed Voluntary Delisting of Challenger Technologies Limited
101	18-Mar-19	Announcement of Request for Trading Halt
102	15-Feb-19	Announcement of Financial Statements and Related Announcement for the Full Year ended 31 December 2018
103	15-Feb-19	Announcement of Final Dividends of S\$0.02 Per Ordinary Share (One-Tier Tax Exempt) for the Financial Year ended 31 December 2018
104	02-Nov-18	Announcement of Financial Statements and Related Announcement for Third Quarter ended 30 September 2018
105	14-Aug-18	Announcement of Sustainability Report for the Full Year ended 31 December 2017
106	06-Aug-18	Announcement of Interim Dividends of S\$0.011 Per Ordinary Share (One-Tier Tax Exempt) for the period ended 30 June 2018
107	03-Aug-18	Announcement of Financial Statements and Related Announcement for Second Quarter/and or Half Yearly ended 30 June 2018
108	05-Jul-18	Announcement of New Leases secured in Singapore

Source: Company announcements

We have tabulated below a comparison of the Final Offer Consideration with the price performance of the Shares for a range of reference periods:

Figure 5: Comparison of VWAPs of the Shares against the Final Offer Consideration

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP (S\$)	Premium of Final Offer Consideration over VWAP ⁽¹⁾
Prior to Last Trading Day				
Last closing price on LTD⁽²⁾	0.550	0.550	0.550	9.1%
LTD	0.560	0.550	0.557	7.7%
Last 1-month	0.560	0.520	0.543	10.5%
Last 3-month	0.560	0.480	0.536	11.9%
Last 6-month⁽³⁾	0.560	0.470	0.525	14.3%
Last 12-month⁽³⁾	0.570	0.470	0.529	13.4%
Last 3-year⁽³⁾	0.635	0.420	0.529	13.4%

APPENDIX A: IFA LETTER

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP (S\$)	Premium of Final Offer Consideration over VWAP ⁽¹⁾
Last 5-year ⁽²⁾	0.635	0.385	0.530	13.2%
After the Last Trading Day				
From LTD to LPD	0.605	0.550	0.593	1.2%
LPD	0.600	0.600	0.600	0.0%

Source: Bloomberg

Notes:

- (1) The premium of Final Offer Consideration as compared to the VWAP of the Shares is calculated using the following formula: (Final Offer Consideration / VWAP of the Shares for the relevant period) – 1. For example, the premium of Final Offer Consideration as compared to the last closing price on LTD of the Shares is calculated by $(0.600 / 0.550) - 1 = 0.091$ (9.1%).
- (2) This refers to Challenger last closing price on the LTD of S\$0.550.
- (3) Had the calculation of VWAPs of the Shares adjusted to include January Trade, the Final Offer Consideration of S\$0.600 would represent premia of 18.3%, 17.6%, 15.4% and 14.1% as compared to the adjusted VWAPs of the Shares for the last six-month, twelve-month, three-year and five-year periods prior to and including the LTD of S\$0.507, S\$0.510, S\$0.520 and S\$0.526 respectively.

(i) Period up to and including the LTD (29 May 2023):

We note that the Final Offer Consideration of S\$0.600 represents premia of 10.5%, 11.9%, 14.3%, 13.4%, 13.4% and 13.2% as compared to the VWAPs of the Shares for the last one-month, three-month, six-month, twelve-month, three-year and five-year periods prior to and including the LTD respectively. The Final Offer Consideration of S\$0.600 also represents premia of 9.1% and 7.7% as compared to the last closing price of the Shares and the VWAP on the LTD respectively.

(ii) Period from the LTD up to the LPD (30 May 2023 to 19 June 2023):

From the LTD to the LPD, Shares traded between a low of S\$0.550 and a high of S\$0.605 with a VWAP of S\$0.593. We note that the Final Offer Consideration of S\$0.600 represents a premium of 1.2% as compared to the VWAP of the Shares from LTD up to the LPD and equal to the VWAP on LPD.

8.3. Historical financial performance and position of the Company

We set out below the financial performance of the Company for the audited FY2018, FY2019, FY2020, FY2021 and FY2022 financial statements of the Company and the financial position of the Company for the audited FY2021 and FY2022 financial statements of the Company. The following financial statements should be read in conjunction with the full text of the Company's annual reports and financial results announcements in respect of the relevant financial periods.

Historical Financial Performance of the Company

Figure 6: Historical Financial Performance of the Company

S\$' mn	FY2018	FY2019	FY2020 ⁽¹⁾	FY2021	FY2022 ⁽¹⁾
Revenue	320.17	329.57	270.84	283.16	291.40
Other income and gains	1.28	1.54	6.12	4.83	2.49
Changes in inventories of finished goods	4.43	(3.30)	0.72	0.54	(3.10)
Purchase of goods and consumables	(253.13)	(254.80)	(208.75)	(220.05)	(226.93)
Other consumables used	(0.16)	(0.24)	(0.45)	(0.60)	(0.43)
Depreciation of property, plant and equipment	(2.77)	(2.21)	(1.76)	(1.80)	(1.82)
Depreciation of right-of-use assets	-	(14.58)	(11.11)	(15.13)	(15.51)

APPENDIX A: IFA LETTER

Employee benefits expense	(23.43)	(24.29)	(21.17)	(21.90)	(21.09)
Other expenses	(21.91)	(8.10)	(6.53)	(7.00)	(9.34)
Other losses	(0.32)	(2.33)	(1.06)	(0.93)	(3.38)
Profit before tax	24.16	21.26	26.84	21.12	12.30
Income tax expense	(4.56)	(3.56)	(3.54)	(3.32)	(2.88)
Profit after tax	19.60	17.70	23.31	17.80	9.42

Source: Company financial statements, Company announcements

Note:

(1) Rounding differences noted.

FY2018 vs FY2019

We note that for FY2019, the Company's revenue has increased by 2.9% or S\$9.4 million from S\$320.2 million in FY2018 to S\$329.6 million. The increase was mainly due to stronger revenue contribution from corporate and tradeshow sales, partially offset by weaker performance from retail operations.

The other income and gains have increased by 20.3% or S\$0.2 million from S\$1.3 million in FY2018 to S\$1.5 million in FY2019. The increase was mainly due to increase in interest income, offset by lower receipts of grants from Government.

The profit after tax has decreased by 9.7% or S\$1.9 million from S\$19.6 million in FY2018 to S\$17.7 million in FY2019. The decrease was mainly due to higher manpower costs, operating expenses to support business operations, new store openings and higher inventories written off for third parties and house brand products.

FY2019 vs FY2020

We note that for FY2020, the Company's revenue has decreased by 17.8% or S\$58.8 million from S\$329.6 million to S\$270.8 million. The decrease was mainly due to absence of tradeshows, weaker performance from corporate sales and retail store closures during the Circuit Breaker period from April to June 2020.

The other income and gains have increased by 297.4% or S\$4.6 million from S\$1.5 million in FY2019 to S\$6.1 million in FY2020. The increase was mainly due to receipts of grants from Government, offset by the decrease in interest income.

The profit after tax has increased by 31.7% or S\$5.6 million from S\$17.7 million in FY2019 to S\$23.3 million in FY2020. The increase was mainly due to lower manpower costs and rental expenses as a result of store closures during the Circuit Breaker period from April to June 2020.

FY2020 vs FY2021

We note that for FY2021, the Company's revenue has increased by 4.5% or S\$12.3 million from S\$270.8 million in FY2020 to S\$283.2 million. The increase was mainly due to the lower base in FY2020 with the closure of the stores during circuit breaker, and the easing of restriction and a resumption in economic and business activity across the region in FY2021.

The other income and gains have decreased by 21.1% or S\$1.3 million from S\$6.1 million in FY2020 to S\$4.8 million in FY2021. The decrease was mainly due to decrease in interest income and reduced government grants, offset by the fair value gain on financial instruments in FY2021.

The profit after tax has decreased by 23.6% or S\$5.5 million from S\$23.3 million in FY2020 to S\$17.8 million in FY2021. The decrease was mainly due to store closures during Circuit Breaker period from

APPENDIX A: IFA LETTER

April to June 2020, and resumption of business activities in FY2021 which has led to higher operating cost.

FY2021 vs FY2022

We note that for FY2022, the Company's revenue has increased by 2.9% or S\$8.2 million from S\$283.2 million in FY2021 to S\$291.4 million. The increase was mainly due to the increase in retail and corporate sales of S\$9.0 million and S\$2.9 million respectively, offset by lower online sales of S\$3.1 million and lower revenue from telephonic call centre and data management services.

The other income and gains have decreased by 48.4% or S\$2.3 million from S\$4.8 million in FY2021 to S\$2.5 million in FY2022. The decrease was mainly due to reduced government wage support and fair value gain on financial instruments in FY2021, offset by the increase in interest income.

The profit after tax has decreased by 47.1% or S\$8.4 million from S\$17.8 million in FY2021 to S\$9.4 million in FY2022. The decrease was mainly due to higher marketing and selling expenses as a result of higher retail sales activities and fair value loss on financial instruments in FY2022, offset by decrease in employee benefits due to lower headcount with streamlining of processes.

Historical Financial Position of the Company

Figure 7: Historical Financial Position of the Company

S\$' mn	31 December 2021 ⁽¹⁾	31 December 2022 ⁽¹⁾
ASSETS		
Non-current assets		
Property, plant and equipment	6.19	6.02
Right-of-use assets	24.02	27.11
Other financial assets	27.43	27.55
Total non-current assets	57.64	60.68
Current assets		
Inventories	35.76	32.66
Trade and other receivables	3.89	5.21
Other financial assets	-	0.25
Other assets	4.59	5.08
Cash and cash equivalents	116.78	115.66
Total current assets	161.02	158.87
Total assets	218.66	219.54
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	51.58	51.58
Retained earnings	110.63	109.26
Other reserves	(0.04)	(0.99)
Equity, attributable to owners of the parent	162.17	159.85
Non-controlling interests	0.13	(0.32)
Total Equity	162.31	159.53

APPENDIX A: IFA LETTER

S\$' mn	31 December 2021 ⁽¹⁾	31 December 2022 ⁽¹⁾
Non-current liabilities		
Deferred tax liabilities	0.02	0.02
Lease liabilities	11.55	15.04
Other liabilities	3.09	4.44
Total non-current liabilities	14.66	19.50
Current liabilities		
Other liabilities	5.13	6.85
Provisions	2.39	2.42
Lease liabilities	13.17	12.77
Trade and other payables	17.73	15.36
Income tax payable	3.29	3.13
Total current liabilities	41.70	40.52
Total liabilities	56.36	60.02
Total equity and liabilities	218.66	219.54

Source: Company financial statements, Company announcements

Note:

(1) Rounding differences noted.

As at 31 December 2022

Property, plant and equipment have decreased by 2.7% or S\$0.2 million from S\$6.2 million as at 31 December 2021 to S\$6.0 million as at 31 December 2022 due to depreciation of fixed assets, offset by acquisition of plant and equipment.

Right-of-use assets have increased by 12.9% or S\$3.1 million from S\$24.0 million as at 31 December 2021 to S\$27.1 million as at 31 December 2022 due to additions and renewal of leases. Correspondingly, non-current lease liabilities have also increased by 30.2% or S\$3.4 million from S\$11.6 million as at 31 December 2021 to S\$15.0 million as at 31 December 2022.

Other financial assets have increased by 0.4% or S\$0.2 million from S\$27.4 million as at 31 December 2021 to S\$27.6 million as at 31 December 2022 due to additional investment in financial assets, offset by fair value loss on investment.

Inventories have decreased by 8.7% or S\$3.1 million from S\$35.8 million as at 31 December 2021 to S\$32.7 million as at 31 December 2022 due to the effort in reducing inventory turnover days.

Trade and other receivables have increased by 33.9% or S\$1.3 million from S\$3.9 million as at 31 December 2021 to S\$5.2 million as at 31 December 2022 due to higher trade receivable balances as a result of higher corporate sales in FY2022.

Cash and cash equivalents have decreased by 1.0% or S\$1.1 million from S\$116.8 million as at 31 December 2021 to S\$115.7 million as at 31 December 2022 due to additional investments in bonds and dividend payment. On 13 October 2021, the Company announced a proposed subscription of 56,551,724 new shares at S\$0.580 each for an aggregate consideration of S\$32.8 million to be used by the Company for strategic investment and merger & acquisition and product and business development, and expansion of business. The proposed subscription was completed on 01 November 2021.

As at 31 December 2022, other reserves have decreased by S\$1.0 million due to fair value loss on investments to other comprehensive income.

APPENDIX A: IFA LETTER

Non-current other liabilities have increased by 43.7% or S\$1.3 million from S\$3.1 million as at 31 December 2021 to S\$4.4 million as at 31 December 2022 while current other liabilities have increased by 33.5% or S\$1.7 million from S\$5.1 million as at 31 December 2021 to S\$6.8 million as at 31 December 2022. The increase in non-current and current other liabilities were due to higher provision for product warranty, higher deferment of membership administration fee revenue, higher deferment of the revenue recognition from reward points granted to members, Star Shield Warranty Scheme and membership subscription fee for FY2022.

Trade and other payables have decreased by 13.4% or S\$2.3 million from S\$17.7 million as at 31 December 2021 to S\$15.4 million as at 31 December 2022 due to lower trade purchases in December 2022.

Analysis of Net Asset Value (“NAV”) and Revalued Net Asset Value (“RNAV”) of the Company

NAV

The NAV of the Company refers to the aggregate value of all the assets in their existing condition, net of any minority interests and all liabilities of the Company. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all of its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of that group with the balance available for distribution to its shareholders.

However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised.

Based on the Company’s audited financial statements as at 31 December 2022, the NAV attributable to Shareholders is approximately S\$159.9 million and its NAV per Share is S\$0.398. The Final Offer Consideration is at a premium of 50.8% over the NAV per Share, or at a Price-to-NAV (“**P/NAV**”) multiple of 1.51x.

RNAV

In our evaluation of the Final Offer Consideration, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the audited balance sheet of the Company as at 31 December 2022.

Based on the Company’s latest audited financial statements as at 31 December 2022, the Company’s property, plant and equipment (which comprises mainly a leasehold property and plant and equipment) had an aggregate book value of approximately S\$3.3 million, representing approximately 5.4% of the Company’s total non-current assets of approximately S\$60.7 million.

We understand that the Company has commissioned CKS Property Consultants Pte. Ltd. (“**Independent Valuer**”) as the independent valuer to conduct an independent valuation of the Company’s leasehold property at 1 Ubi Link Challenger TechHub, Singapore 408553 (“**Revalued Property**”) and issue a valuation report on the Revalued Property (“**Valuation Report**”).

Based on the Valuation Report, we set out the adjustment to determine the RNAV of the Company:

APPENDIX A: IFA LETTER

Figure 8: RNAV of the Company

NAV and RNAV of the Company	As at 31 December 2022 (S\$' 000)
Property	3,323
Revalued Property	8,500
Revaluation surplus	5,177
NAV as at 31 December 2022	159,849
RNAV as at 31 December 2022	165,026
NAV per Share	S\$0.398
RNAV per Share	S\$0.411
P/NAV (Implied by the Final Offer Consideration)	1.51x
P/RNAV (Implied by the Final Offer Consideration)	1.46x
Premium of Final Offer Consideration over NAV	50.8%
Premium of Final Offer Consideration over RNAV	46.0%

Source: Company financial statements, Company announcements, Valuation Report

NAV per Share is S\$0.398 as at 31 December 2022 and RNAV per Share is S\$0.411 as at 31 December 2022. We note the corresponding P/NAV and P/RNAV implied by the Final Offer Consideration are 1.51x and 1.46x respectively. The Final Offer Consideration of S\$0.600 represents a premium of 50.8% and 46.0% over NAV per Share and RNAV per Share respectively.

We have not made any independent evaluation or appraisal of the balance sheet items and we have been furnished by the Company with the Valuation Report in respect of the fair value of the balance sheet items. With respect to such valuation, we are not experts in the evaluation appraisal of the balance sheet items and have relied on the Valuation Report for the fair value of the balance sheet items.

The Directors have represented that they had reviewed the Valuation Report to understand the assumptions used by the Independent Valuer and the information relied upon by the Independent Valuer in arriving at the fair value of the balance sheet items. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions used by the Independent Valuer is reasonable and confirmed that the Independent Valuer has been provided with information that to the best of their knowledge or belief is true, complete as per request and accurate in all respects and that there is no other information or fact, the omission of which would render the assumptions used by the Independent Valuer to be untrue, inaccurate or incomplete in any respect or misleading.

The Management has confirmed to us that save as disclosed in this letter, to the best of their knowledge and belief, there are no material differences between the realisable value of the abovementioned balances and their respective book values as at 31 December 2022 which would result in a material impact on the NAV of the Company.

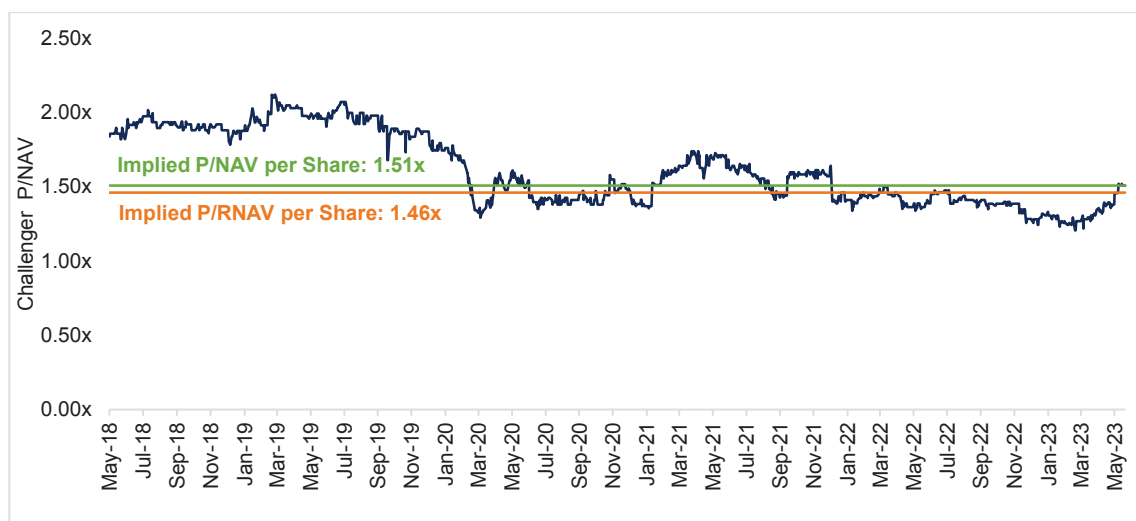
- (i) The revenue and the net profit after tax of the Company have decreased between FY2018 and FY2022.

8.4. P/NAV multiples of the Shares relative to the P/NAV and P/RNAV multiples implied by the Final Offer Consideration

We have compared the Final Offer Consideration with the NAV per Share as at LTD, and the P/NAV multiples of the Shares over the five-year period prior to the LTD and up to the LPD.

APPENDIX A: IFA LETTER

Figure 9: P/NAV multiples of the Shares over the five-year period prior to the LTD and up to the LPD



Source: Bloomberg, Company announcements

Figure 10: P/NAV multiples of the Shares for selected periods

Reference period	From	To	P/NAV ⁽¹⁾			
			Median	Mean	Maximum	Minimum
Prior to Last Trading Day						
LTD		29-May-23		1.38x		
Last 1-month	01-May-23	29-May-23	1.37x	1.37x	1.39x	1.32x
Last 3-month	01-Mar-23	29-May-23	1.29x	1.30x	1.39x	1.21x
Last 6-month	30-Nov-22	29-May-23	1.29x	1.30x	1.39x	1.21x
Last 12-month	30-May-22	29-May-23	1.37x	1.36x	1.48x	1.21x
Last 3-year	01-Jun-20	29-May-23	1.43x	1.46x	1.74x	1.21x
Last 5-year	30-May-18	29-May-23	1.56x	1.62x	2.12x	1.21x
After the Last Trading Day						
From LTD to LPD	30-May-23	19-Jun-23	1.51x	1.49x	1.52x	1.38x
LPD		19-Jun-23		1.51x		
P/NAV implied by the Final Offer Consideration⁽²⁾				1.51x		
P/RNAV implied by the Final Offer Consideration⁽³⁾				1.46x		

Source: Bloomberg, Company announcements

Notes:

- (1) The historical P/NAV multiple was calculated based on the ratio of the market capitalisation to the NAV recorded in the latest published financial statements as of the relevant dates.
- (2) Based on the Final Offer Consideration of S\$0.600 per Share divided by the NAV per Share of S\$0.398 as at 31 December 2022.
- (3) Based on the Final Offer Consideration of S\$0.600 per Share divided by the RNAV per Share of S\$0.411 as at 31 December 2022.

(i) Periods up to and including the LTD (29 May 2023):

The P/NAV multiple of 1.51x implied by the Final Offer Consideration represents premia of 10.2%, 17.1%, 17.1%, 10.2% and 5.6% to the median P/NAV multiples of 1.37x, 1.29x, 1.29x, 1.37x and 1.43x respectively in the one-month, three-month, six-month, twelve-month and three-year periods prior to and including the LTD. It is also at a premium of 9.4% to the P/NAV

APPENDIX A: IFA LETTER

multiple of 1.38x as at LTD. The P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 represents a discount of 3.2% to the median P/NAV multiples of 1.56x in the five-year period prior to and including the LTD.

The P/RNAV multiple of 1.46x implied by the Final Offer Consideration represents premia of 6.6%, 13.2%, 13.2%, 6.6% and 2.1% to the median P/NAV multiples of 1.37x, 1.29x, 1.29x, 1.37x and 1.43x respectively in the one-month, three-month, six-month, twelve-month and three-year periods prior to and including the LTD. It is also at a premium of 5.8% to the P/NAV multiple of 1.38x as at LTD. The P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 represents a discount of 6.4% to the median P/NAV multiples of 1.56x in the five-year period prior to and including the LTD.

(ii) As at LPD (19 June 2023):

The P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 is equal to the median P/NAV of 1.51x from LTD to LPD and the P/NAV of 1.51x as at LPD.

The P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 represents a discount of 3.3% to the median P/NAV of 1.51x from LTD to LPD and the P/NAV of 1.51x as at LPD.

8.5. Comparison with selected comparable listed companies

The principal activities of the Company and its subsidiaries consist of the sale of information technology products, the supply and installation of electronic signage, and the provision of telephonic call centre and data management services. The Company operates a chain of information technology retail stores under the Challenger name in Singapore.

We have evaluated selected comparable listed companies whose principal activities are broadly similar to the Company's business activities. We have had discussions with the Management about the suitability and reasonableness of the selected comparable listed companies as a basis for comparison with the Company.

We wish to highlight that the selected comparable listed companies may not be exhaustive and we have not identified any listed company which is truly comparable to the Company in terms of the composition of its business activities, geographical spread, size of operations, asset base, track record, financial performance, operating and financial leverage, market capitalisation, risk profile, liquidity, future prospects and other relevant criteria. As a result, any comparisons drawn can serve only as an illustrative guide.

We have benchmarked the Final Offer Consideration by generating selected valuation statistics for the Company implied by the Final Offer Consideration and compared those statistics with those for the selected comparable listed companies.

In our analysis, we have collated and presented the following multiples:

Figure 11: Description of financial multiples used for selected comparable listed companies

TTM EV/EBITDA	<p>A variation of the EV/EBITDA multiple where the EBITDA of a company is computed based upon the trailing-twelve-month ("TTM") period ending on the most recent quarter for which financial results have been published.</p> <p>Enterprise Value ("EV") is the sum of a company's market capitalisation, preferred equity, minority interests, short and long term debts less its cash and cash equivalents. ("EBITDA") stands for historical consolidated earnings before interest, tax, depreciation and amortisation expenses.</p> <p>The EV/EBITDA multiple illustrates the ratio of the market value of a company's business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure.</p>
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APPENDIX A: IFA LETTER

TTM PER	<p>A variant of the Price-to-Earnings multiple (“PER”) where the earnings of a company is computed based upon the TTM period ending on the most recent quarter for which financial results have been published.</p> <p>The PER is the ratio of market capitalisation relative to its profit after tax attributable to shareholders of the company (“NPAT”). The PER is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p>
P/NAV	<p>P/NAV multiple illustrates the ratio of the market price of a company’s shares relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of the company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Any comparison of NAV will be affected by respective accounting policies with respect to depreciation and asset valuation practice.</p>

The selected valuation statistics of the selected comparable listed companies are based upon their closing prices on the LPD while those of the Company are as implied by the Final Offer Consideration. Such comparisons are affected by differences in their accounting policies. Our analysis has not attempted to adjust for such differences. The relevant information has been extracted from Bloomberg, publicly available annual reports and/or public announcements of the selected comparable listed companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The selected comparable listed companies’ accounting policies with respect to the values for which the assets or revenue and costs are recorded may differ from that of the Company.

The following is the list of selected comparable listed companies, together with a brief description of their principal activities.

Figure 12: Description of selected comparable listed companies

Company Name	Business Description
Mr D.I.Y. Group (M) Berhad (“ Mr D.I.Y. ”)	Engages in the retail and trading of home improvement products and mass merchandise in Malaysia and Brunei.
The Hour Glass Limited (“ The Hour Glass ”)	Engages in the retail and wholesale of watches, jewellery, and other luxury products in Singapore, Malaysia, Australia, Vietnam, Thailand, Japan, and Hong Kong. In addition, the company invests in properties.
Cortina Holdings Limited (“ Cortina ”)	Engages in the retail and wholesale of timepieces and accessories in Singapore, Malaysia, Thailand, Indonesia, Hong Kong, Taiwan, and Russia through its wholesale segment (wholesale of timepieces and luxury branded accessories) and retail segment (retail of time pieces, branded pens, and accessories).
Duty Free International Limited (“ DFI ”)	Engages in the local duty-free retail in Malaysia. In addition, the company is involved in the resort development and property management.
Isetan (Singapore) Limited (“ Isetan ”)	Operates department stores and supermarkets in Singapore. In addition, the company invests in properties. It offers products through its retail outlets and online.
IT City Public Company Limited (“ IT City ”)	Engages in the retail and distribution of information technology (IT) products in Thailand.
Taka Jewellery Holdings Limited (“ Taka Jewellery ”)	Engages in the wholesale and retail sale of watches and jewellery in Singapore, the United States, Europe, the Middle East, East Asia, and Southeast Asia. The company retails jewellery and watches.

Source: Bloomberg, Company websites

We set out the financial multiples of the Company (implied by the terms of the Offer) and the selected comparable listed companies as at the LPD.

APPENDIX A: IFA LETTER

Figure 13: Selected comparable listed companies

Company Name	Last financial year-end	Market capitalisation as at LPD ⁽¹⁾ (S\$' mn)	TTM EV/EBITDA as at LPD ^{(2) (3)}	TTM PER as at LPD ⁽²⁾⁽⁴⁾	P/NAV as at LPD ⁽⁵⁾
Mr D.I.Y.	31-Dec-22	4,319	16.95x	31.52x	NM ⁽⁹⁾
The Hour Glass	31-Mar-23	1,330	4.75x	7.63x	1.72x
Cortina	31-Mar-23	606	3.71x	7.26x	1.67x
DFI	28-Feb-23	187	19.90x	41.83x	1.89x
Isetan	31-Dec-22	120	7.09x	NM ⁽⁹⁾	1.11x
IT City	31-Mar-23	51	5.16x	NA ⁽¹⁰⁾	1.18x
Taka Jewellery	30-Jun-22	45	4.38x	4.40x	0.38x
Median					
			5.16x	7.63x	1.42x
Mean					
			8.85x	18.53x	1.32x
Maximum					
			19.90x	41.83x	1.89x
Minimum					
			3.71x	4.40x	0.38x
Multiples implied by the Final Offer Consideration		241⁽⁶⁾	5.37x⁽⁶⁾	25.59x⁽⁶⁾	P/NAV = 1.51x⁽⁷⁾ P/RNAV = 1.46x⁽⁸⁾

Source: Bloomberg, company financial statements, company announcements

Notes:

- (1) Market capitalisation was calculated based on total number of shares outstanding and the last closing price as at LPD.
- (2) TTM financials above were calculated based on the latest publicly available financial information. For Mr D.I.Y., Isetan, Taka Jewellery and Challenger, the latest account date is 31 December 2022, for The Hour Glass, Cortina and IT City, the latest account date is 31 March 2023, and for DFI, the latest account date is 28 February 2023.
- (3) The EV was calculated based on the sum of the companies' market capitalisation as at LPD, preferred equity, minority interests, short- and long-term debts less cash and cash equivalents.
- (4) The PER was calculated based on the ratio of the market capitalisation to the trailing twelve-month period NPAT for which financial results have been published for the selected comparable listed companies.
- (5) The P/NAV multiples were calculated based on the ratio of the market capitalisation as at LPD, to the latest published NAV attributable to shareholders of the respective selected comparable listed companies.
- (6) Market capitalisation was calculated based on the Final Offer Consideration of S\$0.600 per Share and the issued share capital of 401,759,685 Shares.
- (7) Based on the Final Offer Consideration of S\$0.600 per Share divided by the NAV of S\$0.398 per Share as at 31 December 2022.
- (8) Based on the Final Offer Consideration of S\$0.600 per Share divided by the RNAV of S\$0.411 per Share as at 31 December 2022.
- (9) NM denotes not meaningful.
- (10) NA denotes not available.

- (i) TTM EV/EBITDA
We note the TTM EV/EBITDA multiple of 5.37x implied by the Final Offer Consideration of S\$0.600 per Share is above the range and represents a premium of 4.1% to the median TTM EV/EBITDA multiple of 5.16x for the selected comparable listed companies as at LPD.
- (ii) TTM PER
We note the TTM PER multiple of 25.59x implied by the Final Offer Consideration of S\$0.600 per Share is above the range and represents a premium of 235.4% to the median TTM PER multiple of 7.63x for the selected comparable listed companies as at LPD.

APPENDIX A: IFA LETTER

(iii) P/NAV and P/RNAV

We note the P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 per Share is above the median and mean and within the range of P/NAV multiples for the selected comparable listed companies.

We note the P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 per Share is above the median and mean and within the range of P/NAV multiples for the selected comparable listed companies.

8.6. Comparison with selected precedent transaction

For the purposes of assessing the financial terms of the Offer, we have reviewed the valuation multiples of the Company implied by the Final Offer Consideration with those of completed precedent transactions 5-year prior to and including the LPD, involving the acquisitions of targets that are predominately engaged in retail with a focus on consumer electronics particularly based in Singapore, which in our opinion, are broadly comparable to the Company.

We wish to highlight that the comparable transaction is not exhaustive and there may not be any entity that is directly comparable to Challenger in terms of, *inter alia*, market capitalisation, size of operations, clientele base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria.

Based on the availability of completed precedent transactions in the market, we have identified one transaction as indicated below. The transaction indicated below was transacted before the application of FRS116, as such, we have adjusted the multiples implied by the Final Offer Consideration to ensure the multiples are on a comparable basis. This is provided for illustrative purposes only.

Figure 14: Comparable transaction

Announcement Date	Target Entity	Acquiring Entity	Transaction Value	Implied EV ⁽¹⁾ (S\$' mn)	EV/ EBITDA ⁽²⁾	PER	P/NAV
Jan-19	Courts Asia Limited	Nojima Corporation	106	276	10.58x	NM ⁽⁶⁾	0.55x
Multiples implied by the Final Offer Consideration				125⁽³⁾	10.22x⁽³⁾	25.59x⁽³⁾	P/NAV = 1.51x⁽⁴⁾ P/RNAV = 1.46⁽⁵⁾

Source: Company financial statements, Mergermarket, Bloomberg
Notes:

- (1) Implied EV refers to the implied enterprise value of the respective Target Entity based on the assumption that Nojima Corporation acquired 100.0% of Courts Asia Limited.
- (2) Depreciation of right-of-use assets and interest expense recognised under FRS116 Leases has been treated as part of operating expense for the calculation of EBITDA on a pre-FRS116 basis.
- (3) Implied EV of Challenger was calculated based on the Final Offer Consideration of S\$0.600 per Share and the issued share capital of 401,759,685 Shares.
- (4) Based on the Final Offer Consideration of S\$0.600 per Share divided by the NAV of S\$0.398 per Share as at 31 December 2022.
- (5) Based on the Final Offer Consideration of S\$0.600 per Share divided by the RNAV of S\$0.411 per Share as at 31 December 2022.
- (6) NM denotes not meaningful.

We note that while we do consider Courts Asia Limited to be broadly comparable to the Company, Courts has presence in markets such as Malaysia and Indonesia, while the Company only has operations in Singapore.

APPENDIX A: IFA LETTER

- (i) The TTM EV/EBITDA multiple of the Company at 10.22x as implied by the Final Offer Consideration is marginally lower than the EV/EBITDA of the precedent transaction of 10.58x.
- (ii) The P/NAV and P/RNAV multiples of 1.51x and 1.46x as implied by the Final Offer Consideration are above the P/NAV of the precedent transaction of 0.55x.

8.7. Comparison of offer price premia with selected privatisations from the SGX-ST

We have compared the financial terms of the Offer with those of the selected successful privatisation transactions announced since January 2021 and up to the LTD involving companies listed on SGX-ST, carried out either by way of scheme of arrangement under Section 210 of the Companies Act or general take-over offers under the Code where the offeror has stated its intentions to delist the listed company from the SGX-ST.

This analysis serves as a general indication of the relevant premium or discount that offerors paid to acquire the targets without regards to the specific industry characteristics or other considerations. The comparison sets out the premium or discount by each respective offer price to the VWAPs over the last closing price, the one-month, three-month, six-month and twelve-month periods prior to the announcement of the selected privatisations from SGX-ST.

We note that the selected privatisations from SGX-ST set out in this table may not be and nor are they intended to be directly comparable to Challenger in terms of, *inter alia*, their business activities, scale of operations, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria.

We further note that there may be commercial and financial merits specific to each of the transactions noted. The premium that an offeror will pay in respect of any particular takeover depends on various factors including, *inter alia*, the offeror's intention for the target, the potential synergy that the offeror can derive from the target, the presence of competing bids, prevailing market conditions and sentiment, the attractiveness and profitability of the target's business and assets and existing and desired level of control in the target. As a result, any comparisons to be drawn can serve only as an illustrative guide.

Figure 15: Selected privatisations from the SGX-ST

Ann. Date	Target	Offeror	Type	Price offered (\$)	Premium/(discount) of offer price over the				
					Last closing price	1-month VWAP	3-month VWAP	6-month VWAP	12-month VWAP
28-Feb-23 ⁽¹⁾	G. K. Goh Holdings Limited	Verveine Pte. Ltd.	VGO	1.260	38.5%	38.8%	39.2%	37.6%	34.8%
10-Feb-23 ⁽²⁾	Global Dragon Limited	JK Global Wealth Pte. Ltd.	VGO	0.120	14.3%	15.4%	22.4%	17.6%	17.6%
24-Nov-22 ⁽³⁾	Chip Eng Seng Corporation Ltd.	Tang Dynasty Treasure Pte. Ltd.	MGO	0.750	5.6%	13.1%	26.5%	33.7%	42.6%
17-Oct-22 ⁽⁴⁾	Colex Holdings Limited	Bonvests Holdings Limited	SOA	0.230	25.0%	13.9%	13.3%	0.9%	6.0%
06-Oct-22 ⁽⁵⁾	Asian Healthcare Specialists Limited	Labrador Park Pte. Ltd.	VGO	0.188	17.5%	18.3%	21.3%	22.3%	19.5%
03-Oct-22 ⁽⁶⁾	MS Holdings Limited	Kingswin Investment Pte. Ltd.	VGO	0.070	16.7%	N.A.	25.2%	25.4%	24.6%

APPENDIX A: IFA LETTER

Ann. Date	Target	Offeror	Type	Price offered (\$)	Premium/(discount) of offer price over the				
					Last closing price	1-month VWAP	3-month VWAP	6-month VWAP	12-month VWAP
13-Sep-22 ⁽⁷⁾	Singapore Medical Group Limited	TLW Success Pte. Ltd.	VGO	0.400	23.1%	27.8%	28.6%	25.4%	27.4%
29-Aug-22 ⁽⁸⁾	Silkroad Nickel Ltd.	Horowitz Capital Ltd.	VGO	0.420	2.4%	4.7%	5.0%	(5.6%)	(3.2%)
20-Aug-22 ⁽⁹⁾	SP Corporation Limited	Tuan Sing Holdings Limited	SOA	1.590	169.5%	163.7%	162.8%	156.9%	140.5%
08-Jul-22 ⁽¹⁰⁾	GYP Properties Limited	Rumah & Co. Pte. Ltd.	VGO	0.200	34.2%	37.9%	33.3%	28.2%	30.7%
20-May-22 ⁽¹¹⁾	T T J Holdings Limited	THC Venture Pte. Ltd.	VGO	0.230	36.1%	33.6%	28.8%	28.0%	29.4%
17-May-22 ⁽¹²⁾	Hwa Hong Corporation Limited	Sanjuro United Pte. Ltd.	VGO	0.400	36.5%	36.1%	32.0%	22.0%	24.6%
13-Apr-22 ⁽¹³⁾	Excelpoint Technology Ltd.	WT Semiconductor Holdings Pte. Ltd.	SOA	1.930	7.8%	36.6%	31.3%	45.9%	72.3%
07-Mar-22 ⁽¹⁴⁾	Singapore O&G Ltd.	Newmedco Group Ltd.	VGO	0.295	15.7%	14.8%	12.2%	11.3%	11.3%
16-Feb-22 ⁽¹⁵⁾	Shinvest Holding Ltd.	VTTSG Holding Pte. Ltd.	VGO	3.500	12.9%	8.5%	10.2%	10.1%	14.3%
29-Dec-21 ⁽¹⁶⁾	Koufu Group Limited	Dominus Capital Pte. Ltd.	VGO	0.770	15.8%	14.4%	13.6%	15.1%	15.3%
15-Dec-21 ⁽¹⁷⁾	Roxy-Pacific Holdings Limited	TKL & Family Pte. Ltd.	VGO	0.485	19.8%	20.9%	23.4%	30.4%	37.0%
10-Dec-21 ⁽¹⁸⁾	United Global Limited	DMW Investments Pte. Ltd.	VGO	0.450	12.5%	16.7%	16.7%	16.2%	14.1%
15-Nov-21 ⁽¹⁹⁾	Singapore Press Holdings Limited	Cuscaden Peak Pte. Ltd.	SOA	2.360	57.3%	71.5%	80.3%	94.8%	83.4%
10-Nov-21 ⁽²⁰⁾	Starburst Holdings Limited	Nordic Flow Control Pte. Ltd.	VGO	0.238	5.8%	4.2%	9.1%	12.5%	25.5%
09-Nov-21 ⁽²¹⁾	SingHaiyi Group Ltd.	Haiyi Treasure Pte. Ltd.	VGO	0.117	7.1%	7.0%	10.7%	18.3%	20.0%
09-Jul-21 ⁽²²⁾	Fragrance Group Limited	JK Global Treasures Pte. Ltd.	VGO	0.138	16.9%	19.0%	19.0%	20.0%	21.1%
31-May-21 ⁽²³⁾	Dutech Holdings Limited	TSI Metals HK Limited	VGO	0.435	74.0%	73.3%	74.7%	73.3%	61.1%
06-May-21 ⁽²⁴⁾	Cheung Woh Technologies Limited	Woh Seng Holding Pte. Ltd.	VGO	0.285	90.0%	89.5%	92.9%	109.7%	141.1%
30-Apr-21 ⁽²⁵⁾	Top Global Limited	SW Investment Holding Pte. Ltd.	VGO	0.390	122.9%	132.1%	146.8%	148.4%	142.2%
29-Apr-21 ⁽²⁶⁾	Sin Ghee Huat Corporation Ltd.	HHH Co Pte. Ltd.	VGO	0.270	25.6%	58.8%	58.8%	59.8%	48.4%

APPENDIX A: IFA LETTER

Ann. Date	Target	Offeror	Type	Price offered (\$)	Premium/(discount) of offer price over the				
					Last closing price	1-month VWAP	3-month VWAP	6-month VWAP	12-month VWAP
30-Mar-21 ⁽²⁷⁾	Neo Group Limited	Forestt Investment Pte. Ltd.	VGO	0.600	20.0%	17.9%	14.5%	15.4%	31.0%
19-Mar-21 ⁽²⁸⁾	Singapore Reinsurance Corporation Limited	Fairfax Asia Limited	VGO	0.354	19.8%	20.6%	20.6%	21.9%	27.6%
12-Mar-21 ⁽²⁹⁾	World Class Global Limited	Aspial Corporation Limited	SOA	0.210	112.1%	107.9%	107.9%	89.2%	73.6%
15-Feb-21 ⁽³⁰⁾	CEI Limited	AEM Singapore Pte. Ltd.	VGO	1.150	16.2%	18.1%	20.5%	23.6%	26.1%
28-Jan-21 ⁽³¹⁾	International Press Softcom Limited	ZHCC Investment Holdings Pte. Ltd.	VGO	0.045	12.5%	25.3%	32.0%	21.6%	26.8%
15-Jan-21 ⁽³²⁾	GL Limited	Guocoleisure Holdings Limited	VGO	0.700	25.0%	28.2%	33.3%	28.0%	9.5%
Median					19.8%	20.9%	25.9%	24.5%	27.1%
Mean					34.7%	38.3%	39.6%	39.3%	40.5%
Maximum					169.5%	163.7%	162.8%	156.9%	142.2%
Minimum					2.4%	4.2%	5.0%	(5.6%)	(3.2%)
Challenger				0.600	9.1%	10.5%	11.9%	14.3%	13.4%

Source: Bloomberg, company announcements

Notes:

- (1) On 28 February 2023, United Overseas Bank Limited and Maybank Securities Pte. Ltd., for and on behalf of Verveine Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the offer shares of G. K. Goh Holdings Limited. The market premia were calculated based on the offer price of S\$1.260 per share. The time reference for calculation of premia was 24 February 2023, being the last full market day on which the shares were traded, prior to the release of the offer announcement.
- (2) On 10 February 2023, DBS Bank Ltd., for and on behalf of JK Global Wealth Pte. Ltd. announced its intention to make a voluntary unconditional cash offer for all the issued ordinary shares in the capital of Global Dragon Limited. The market premia were calculated based on the offer price of S\$0.120 per share. The time reference for calculation of premia was 6 February 2023, being the last market day on which the shares were traded on the SGX-ST prior to the trading halt preceding the announcement date.
- (3) On 24 November 2022, United Overseas Bank Limited, for and on behalf of Tang Dynasty Treasure Pte. Ltd. announced its intention to make a mandatory unconditional cash offer for all the issued and paid-up ordinary shares of Chip Eng Seng Corporation Ltd. other than treasury shares and those shares already owned, controlled or agreed to be acquired by the offeror. The market premia were calculated based on the final offer consideration of S\$0.750 per share. The time reference for calculation of premia was 7 September 2022, being the date the target issued a holding announcement.
- (4) On 17 October 2022, Bonvests Holdings Limited ("Bonvests") and Colex Holdings Limited ("Colex") jointly announced its intention by way of a scheme of arrangement for all the issued ordinary shares of Colex, other than the shares held by Bonvests and Coop International Pte. Ltd. (a wholly-owned subsidiary of Bonvests). The market premia were calculated based on the scheme consideration of S\$0.230 per share. The time reference for calculation of premia was 12 October 2022, being the last full trading day immediately prior to the joint announcement date.
- (5) On 6 October 2022, DBS Bank Ltd., for and on behalf of Labrador Park Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued ordinary shares of Asian Healthcare Specialists Limited other than treasury shares and those already owned, controlled or agreed to be acquired by the offeror. The market premia were calculated based on the offer price of S\$0.188 per share. The time reference for calculation of premia was 5 October 2022, being the last full market day immediately prior to the offer announcement date.

APPENDIX A: IFA LETTER

- (6) On 3 October 2022, RHB Bank Berhad, for and on behalf of Kingswin Investment Pte. Ltd. announced its intention to make a voluntary unconditional cash offer for all the issued and paid-up ordinary shares of MS Holdings Limited other than those already held by the offeror. The market premia were calculated based on the offer price of S\$0.070 per share. The time reference for calculation of premia was 30 September 2022, being the last full market day prior to the date of the offer announcement.
- (7) On 13 September 2022, Ernst & Young Corporate Finance Pte Ltd for and on behalf of TLW Success Pte. Ltd. announced its intention to make a voluntary conditional general offer for all the issued and paid-up ordinary shares of Singapore Medical Group Limited other than treasury shares and those shares already owned, controlled or agreed to be acquired by the offeror. The market premia were calculated based on the revised final cash consideration of S\$0.400 per share. The time reference for calculation of premia was 8 September 2022, being the last trading day where the shares were traded on SGX-ST immediately preceding the trading halt prior to the offer announcement date.
- (8) On 29 August 2022, Primepartners Corporate Finance Pte. Ltd. for and on behalf of Horowitz Capital Ltd. announced its intention to make a voluntary conditional general offer for all the issued and paid-up ordinary shares of Silkroad Nickel Ltd. other than treasury shares. The market premia were calculated based on the offer consideration of S\$0.420 per share. The time reference for calculation of premia was 26 August 2022, being the last full day on which the shares were available for trading on the SGX-ST prior to the announcement date.
- (9) On 20 August 2022, the respective boards of directors of SP Corporation Limited ("SP Corporation") and Tuan Sing Holdings Limited jointly announced the proposed acquisition to acquire all the shares of SP Corporation by way of a scheme of arrangement other than the shares held by offeror. The market premia were calculated based on the scheme consideration of S\$1.590 per share. The time reference for calculation of premia was 18 August 2022, being the last full trading day immediately before the joint announcement date.
- (10) On 8 July 2022, Rumah & Co. Pte. Ltd. announced its intention to make a voluntary unconditional general offer for all the issued and paid-up ordinary shares of GYP Properties Limited, other than treasury shares. The market premia were calculated based on the final offer price of S\$0.200 per share. The time reference for calculation of premia was 8 July 2022, being the last full market day of trading in the shares prior to the offer announcement date.
- (11) On 20 May 2022, Asian Corporate Advisors Pte. Ltd., for and on behalf of THC Venture Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of T T J Holdings Limited other than treasury shares. The market premia were calculated based on the offer price of S\$0.230 per share. The time reference for calculation of premia was 12 May 2022, being the last full market day on which the shares were transacted prior to the offer announcement date.
- (12) On 17 May 2022, Oversea-Chinese Banking Corporation Limited, for and on behalf of Sanjuro United Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of Hwa Hong Corporation Limited, other than treasury shares and those shares held, directly or indirectly, by the offeror. The market premia were calculated based on the revised offer price of S\$0.400 per share. The time reference for calculation of premia was 12 May 2022, being the last full trading day of the shares prior to the offer announcement date.
- (13) On 13 April 2022, WT Semiconductor Holdings Pte. Ltd. and Excelpoint Technology Ltd. ("Excelpoint") jointly announced the proposed acquisition of all the issued ordinary shares of Excelpoint, by way of a scheme of arrangement. The market premia were calculated based on the scheme consideration of S\$1.930 per share. The time reference for calculation of premia was 12 April 2022, being the last market day on which the shares traded prior to the joint announcement date.
- (14) On 7 March 2022, United Overseas Bank Limited, for and on behalf of Newmedco Group Ltd. announced its intention to make a voluntary unconditional cash offer for all the issued and paid-up ordinary shares of Singapore O&G Ltd., other than treasury shares and those shares held, directly or indirectly by the offeror. The market premia were calculated based on the offer price of S\$0.295 per share. The time reference for calculation of premia was 3 March 2022, being the last full market day on which the shares were transacted immediately prior to the offer announcement date.
- (15) On 16 February 2022, United Overseas Bank Limited, for and on behalf of VTTSG Holding Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of Shinvest Holding Ltd.. The market premia were calculated based on the offer price of S\$3.500 per share. The time reference for calculation of premia was 15 February 2022, being the last market day on which shares were traded on the SGX-ST prior to the offer announcement date.
- (16) On 29 December 2021, United Overseas Bank Limited, for and on behalf of Dominus Capital Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of Koufu Group Limited. The market premia were calculated based on the offer price of S\$0.770 per share. The time reference for calculation of premia was 28 December 2022, being the last full trading day on which the shares were traded prior to the release of the offer announcement.
- (17) On 15 December 2021, Oversea-Chinese Banking Corporation Limited, for and on behalf of TKL & Family Pte. Ltd. announced its intention to make a voluntary conditional general offer for all the issued ordinary shares of Roxy-Pacific Holdings Limited, other than treasury shares and those already owned, controlled or agreed to be acquired by the offeror. The market premia were calculated based on the offer price of S\$0.485 per share. The time reference for calculation of premia was 14 September 2021, being the full trading day of the shares prior to the pre-conditional offer announcement date.

APPENDIX A: IFA LETTER

- (18) On 10 December 2021, DMW Investments Pte. Ltd. announced its intention to make a voluntary unconditional cash offer for all the issued and paid-up ordinary shares of United Global Limited. The market premia were calculated based on the offer price of S\$0.450 per share. The time reference for calculation of premia was 8 December 2021, being the last full market day immediately before the offer announcement date.
- (19) On 15 November 2021, Singapore Press Holdings Limited (“SPH”) and Cuscaden Peak Pte. Ltd. jointly announced the proposed acquisition of all the issued and paid-up ordinary shares of SPH other than treasury shares by way of a scheme of arrangement. The market premia were calculated based on all cash consideration of S\$2.360. The time reference for calculation of premia was 30 March 2021, being the strategic review announcement date.
- (20) On 10 November 2021, Phillip Securities Pte Ltd, for and on behalf of Nordic Flow Control Pte. Ltd., which is a wholly-owned subsidiary of Nordic Group Limited announced its intention to make a voluntary conditional offer for all the issued and paid-up ordinary shares of Starburst Holdings Limited, other than treasury shares and those already owned or agreed to be acquired by the offeror. The market premia were calculated based on the offer price of S\$0.238 per share. The time reference for calculation of premia was 9 November 2021, being the day the shares were last traded prior to the release of the offer announcement.
- (21) On 9 November 2021, United Overseas Bank Limited, for and on behalf of Haiyi Treasure Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued shares of SingHaiyi Group Ltd. other than treasury shares. The market premia were calculated based on the offer price of S\$0.117 per share. The time reference for calculation of premia was 8 November 2021, being the last trading day prior to the offer announcement.
- (22) On 9 July 2021, DBS Bank Ltd., for and on behalf of JK Global Treasures Pte. Ltd. announced its intention to make a voluntary unconditional cash offer for all the issued ordinary shares of Fragrance Group Limited. The market premia were calculated based on the offer price of S\$0.138 per share. The time reference for calculation of premia was 8 July 2021, being the last full trading day prior to the announcement of the offer.
- (23) On 31 May 2021, UOB Kay Hian Private Limited, for and on behalf of TSI Metals HK Limited announced its intention to make a voluntary unconditional cash offer for all the issued and paid-up ordinary shares of Dutech Holdings Limited. The market premia were calculated based on the final offer price of S\$0.435 per share. The time reference for calculation of premia was 28 May 2021, being the last market day on which the share traded prior to the offer announcement.
- (24) On 6 May 2021, Maybank Kim Eng Securities Pte. Ltd., for and on behalf of Woh Seng Holdings Pte. Ltd. announced its intention to make a voluntary conditional offer for all the issued and paid-up ordinary shares of Cheung Woh Technologies Limited other than treasury shares and those already owned, controlled or agreed to be acquired by the offeror. The market premia were calculated based on the cash consideration of S\$0.285 per share. The time reference for calculation of premia was 4 May 2021, being the last full market day on which the shares were traded on SGX-ST prior to the offer announcement date.
- (25) On 30 April 2021, CIMB Bank Berhad, for and on behalf of SW Investment Holding Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of Top Global Limited other than treasury shares. The market premia were calculated based on the offer price of S\$0.390 per share. The time reference for calculation of premia was 29 April 2021, being the last market day on which the shares were traded on the SGX-ST prior to the offer announcement date.
- (26) On 29 April 2021, DBS Bank Ltd., for and on behalf of HHH Co Pte. Ltd. announced its intention to make a voluntary conditional general offer for all the ordinary shares of Sin Ghee Huat Corporation Ltd.. The market premia were calculated based on the offer price of S\$0.270 per share. The time reference for calculation of premia was 21 April 2021, being the last market day of the shares were traded on the SGX-ST before the holding announcement.
- (27) On 30 March 2021, United Overseas Bank Limited, for and behalf of Forestt Investment Pte. Ltd. announced its intention to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of Neo Group Limited. The market premia were calculated based on the offer price of S\$0.600 per share. The time reference for calculation of premia was 29 March 2021, being the last trading day prior to the offer announcement date.
- (28) On 19 March 2021, SAC Capital Private Limited, for and behalf of Fairfax Asia Limited announced its intention to make a voluntary conditional cash offer for all the issued ordinary shares of Singapore Reinsurance Corporation Limited other than those already owned, controlled or agreed to be acquired by the offeror. The market premia were calculated based on the offer price of S\$0.354 per share. The time reference for calculation of premia was 17 March 2021, being the last trading day prior to the release of offer announcement.
- (29) On 12 March 2021, Aspial Corporation Limited and World Class Global Limited (“WCG”) jointly announced the proposed acquisition of all the issued ordinary shares of WCG other than shares held by offeror by way of a scheme of arrangement. The market premia were calculated based on the scheme consideration of S\$0.210 per share. The time reference for calculation of premia was 11 March 2021, being the last full market day prior to the joint announcement date.
- (30) On 15 February 2021, Pricewaterhousecoopers Corporate Finance Pte Ltd, for and on behalf of AEM Singapore Pte. Ltd. announced its intention to make a voluntary conditional offer for all the issued and paid-up ordinary shares of CEI Limited other than those already held by the offeror. The market premia were calculated based on the cash consideration of S\$1.150 per share. The time reference for calculation of premia was 11 January 2021, being the last trading day when the shares were last traded prior to release of the pre-conditional offer announcement, 13 February 2021.

APPENDIX A: IFA LETTER

- (31) On 28 January 2021, UOB Kay Hian Private Limited, for and on behalf of ZHCC Investment Holdings Pte. Ltd. (“ZHCC”) announced its intention to make a voluntary conditional offer for all the issued and paid-up ordinary shares of International Press Softcom Limited other than those already held by the offeror. The market premia were calculated based on the shares consideration of S\$0.045 per share. The time reference for calculation of premia was 27 January 2021, being the date on which the shares were last traded before the offer announcement date.
- (32) On 15 January 2021, DBS Bank Ltd., for and on behalf of Guocoleisure Holdings Limited announced its intention to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of GL Limited other than treasury shares. The market premia were calculated based on the revised offer price of S\$0.700 per share announced on 15 March 2021. The time reference for calculation of premia was 14 January 2021, being the last full market day on which the shares were transacted on prior to the release of offer announcement.
- (i) We note that the premia of 10.5%, 11.9%, 14.3% and 13.4% as implied by the Final Offer Consideration of S\$0.600 to the one-month, three-month, six-month and twelve-month VWAPs respectively are below the median and mean and within the range of premia for the selected privatisations from the SGX-ST. In addition, we note that the premium of 9.1% in respect of the last closing price as at LTD is below the median and mean and within the range of premia for the selected privatisations from the SGX-ST.

Evaluation of other relevant key considerations relating to the Offer

8.8. Rationale for the Offer

With reference to paragraph 6 of the letter to the Shareholders in the Offer Document, we note the rationale for the Offer.

8.9. Consortium Arrangements

With reference to paragraph 3.5 of the letter to Shareholders in the Offer Document, we note the Offeror shareholders have entered into Consortium Arrangements with Asia Consumer Electronics Limited (as general partner for and on behalf of Asia Consumer Electronics, L.P.) (the “**Sponsor**”), Fortuna Capital Limited (the “**Promoter SPV**”) and Mr Loo Leong Thye (“**LLT**”) (collectively known as “**Consortium Parties**”).

Through these Consortium Arrangements, we note that Offeror has received irrevocable undertakings from LLT and his family members (comprising his wife, Mdm. Ong Sock Hwee (“**OSH**”), daughter, Ms. Loo Pei Fen (“**LPF**”), and son, Mr. Loo Wei Kiat (“**LWK**”)) (collectively, the “**Loo Family Members**” and each, a “**Loo Family Member**”) (“**Loo Family Irrevocable Undertakings**”) and Digileap (“**Digileap Irrevocable Undertaking**”).

8.10. Irrevocable undertaking from NLH

With reference to paragraph 4 of the letter to Shareholders in the Offer Document, we note the Offeror has received an irrevocable undertaking from Mr Ng Leong Hai (“**NLH**”) (“**NLH Irrevocable Undertaking**”).

8.11. Dividend track record of the Company

We note that for the past 5 financial years, the Company has paid dividends as follows:

Figure 16: Dividend history

Historical dividend (Period)	Dividends declared for period (S\$' 000)	PAT (S\$' 000)	Payout ratio (S\$' 000)
FY2022	5,022	8,473	59.3%
FY2021	11,249	17,742	63.4%
FY2020	9,320	23,373	39.9%

APPENDIX A: IFA LETTER

Historical dividend (Period)	Dividends declared for period (S\$' 000)	PAT (S\$' 000)	Payout ratio (S\$' 000)
FY2019	5,178	17,850	29.0%
FY2018	10,701	19,544	54.8%

Source: Company financial statements, Company announcements

We note that the Company's dividend policy as stated in their latest Annual Report:

"The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate."

- (i) We note that over the last 5 financial years, the Company had been declaring dividends, with a payout ratio of 29.0% to 63.4%. We wish to highlight that the above dividend analysis of the Company serves as an illustrative guide and not an indication of the Company's future dividend payout.

8.12. Other selected considerations which have a significant bearing on our assessment

Unconditional Offer

The Offer is unconditional in all respects.

Intention of the Offeror in relation to the Listing Status and Compulsory Acquisition

With reference to paragraph 8 of the letter to Shareholders in the Offer Document, we note the Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands.

We note that on 19 June 2023, UOB announced, for and on behalf of the Offeror, that at 6.00pm Singapore time, the Offeror has received acceptances amounting to an aggregate of 281,383,700 Shares, representing approximately 70.04% of the total number of Shares.

With reference to paragraph 4 of the letter to Shareholders in the Offer Document, we note the Offeror has received NLH Irrevocable Undertaking of 83,067,500 Shares, representing approximately 20.68% of the total number of Shares.

No Revision to the Final Offer Consideration

The Final Offer Consideration is final and the Offeror does not intend to revise the Final Offer Consideration.

9. OUR RECOMMENDATION

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the financial terms of the Offer. The following factors should be read in connection with, and interpreted, in the full context of this Letter:

APPENDIX A: IFA LETTER

Evaluation of whether the Shares as implied by the Final Offer Consideration are fairly valued

Market quotations and liquidity of the Shares

- (1) The Past 12M ADT Volume for Shares, as a percentage of Challenger's free float, is below the range of measures for the 30 STI Companies; and
- (2) The Past 12M ADT Value for the Shares, as a percentage of Challenger's market capitalisation, is below the range of measures for the 30 STI Companies.

The above analyses indicate that the Shares are fairly illiquid, as such, we consider that the traded share price may not be the best indicator of fair value and also refer to alternatives such as net asset value per Share and revalued net asset value per Share.

Historical market performance and trading activity of the Shares

- (3) We note that the Final Offer Consideration of S\$0.600 is within the range of the highest and lowest traded Share Price of S\$0.635 and S\$0.385 respectively, in the five-year period prior to the LTD.
- (4) We note that the Final Offer Consideration of S\$0.600 represents premia of 10.5%, 11.9%, 14.3%, 13.4%, 13.4% and 13.2% as compared to the VWAPs of the Shares for the last one-month, three-month, six-month, twelve-month, three-year and five-year periods prior to and including the LTD respectively. The Final Offer Consideration of S\$0.600 also represents premia of 9.1% and 7.7% as compared to the last closing price of the Shares and the VWAP on the LTD respectively.
- (5) From the LTD to the LPD, Shares traded between a low of S\$0.550 and a high of S\$0.605 with a VWAP of S\$0.593. We note that the Final Offer Consideration of S\$0.600 represents a premium of 1.2% as compared to the VWAP of the Shares from LTD up to the LPD and equal to the VWAP on LPD.

Historical financial performance and position of the Company

- (6) The revenue and the net profit after tax of the Company have decreased between FY2018 and FY2022.

P/NAV multiples of the Shares relative to the P/NAV and P/RNAV multiples implied by the Final Offer Consideration

- (7) The P/NAV multiple of 1.51x implied by the Final Offer Consideration represents premia of 10.2%, 17.1%, 17.1%, 10.2% and 5.6% to the median P/NAV multiples of 1.37x, 1.29x, 1.29x, 1.37x and 1.43x respectively in the one-month, three-month, six-month, twelve-month and three-year periods prior to and including the LTD. It is also at a premium of 9.4% to the P/NAV multiple of 1.38x as at LTD. The P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 represents a discount of 3.2% to the median P/NAV multiples of 1.56x in the five-year period prior to and including the LTD.
- (8) The P/RNAV multiple of 1.46x implied by the Final Offer Consideration represents premia of 6.6%, 13.2%, 13.2%, 6.6% and 2.1% to the median P/NAV multiples of 1.37x, 1.29x, 1.29x, 1.37x and 1.43x respectively in the one-month, three-month, six-month, twelve-month and three-year periods prior to and including the LTD. It is also at a premium of 5.8% to the P/NAV multiple of 1.38x as at LTD. The P/RNAV multiple of 1.46x implied by the Final Offer

APPENDIX A: IFA LETTER

Consideration of S\$0.600 represents a discount of 6.4% to the median P/NAV multiples of 1.56x in the five-year period prior to and including the LTD.

- (9) The P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 is equal to the median P/NAV of 1.51x from LTD to LPD and the P/NAV of 1.51x as at LPD.
- (10) The P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 represents a discount of 3.3% to the median P/NAV of 1.51x from LTD to LPD and the P/NAV of 1.51x as at LPD.

Comparison with selected comparable listed companies

- (11) We note the TTM EV/EBITDA multiple of 5.37x implied by the Final Offer Consideration of S\$0.600 per Share is above the range and represents a premium of 4.1% to the median TTM EV/EBITDA multiple of 5.16x for the selected comparable listed companies as at LPD.
- (12) We note the TTM PER multiple of 25.59x implied by the Final Offer Consideration of S\$0.600 per Share is above the range and represents a premium of 235.4% to the median TTM PER multiple of 7.63x for the selected comparable listed companies as at LPD.
- (13) We note the P/NAV multiple of 1.51x implied by the Final Offer Consideration of S\$0.600 per Share is above the median and mean and within the range of P/NAV multiples for the selected comparable listed companies.
- (14) We note the P/RNAV multiple of 1.46x implied by the Final Offer Consideration of S\$0.600 per Share is above the median and mean and within the range of P/NAV multiples for the selected comparable listed companies.

Comparison with selected precedent transaction

- (15) The TTM EV/EBITDA multiple of the Company at 10.22x as implied by the Final Offer Consideration is marginally lower than the EV/EBITDA of the precedent transaction of 10.58x.
- (16) The P/NAV and P/RNAV multiples of 1.51x and 1.46x as implied by the Final Offer Consideration are above the P/NAV of the precedent transaction of 0.55x.

Comparison of offer price premia with selected privatisations from the SGX-ST

- (17) We note that the premia of 10.5%, 11.9%, 14.3% and 13.4% as implied by the Final Offer Consideration of S\$0.600 to the one-month, three-month, six-month and twelve-month VWAPs respectively are below the median and mean and within the range of premia for the selected privatisations from the SGX-ST. In addition, we note that the premium of 9.1% in respect of the last closing price as at LTD is below the median and mean and within the range of premia for the selected privatisations from the SGX-ST.

Evaluation of other relevant key considerations relating to the Offer

- (18) We note the historical financial performance and position of the Company.
- (19) We note the rationale for the Offer.

APPENDIX A: IFA LETTER

- (20) We note the Consortium Arrangement between the Consortium Parties.
- (21) We note the Offeror has received Loo Family Irrevocable Undertakings, Digileap Irrevocable Undertaking and NLH Irrevocable Undertaking.
- (22) We note the Company has paid dividends in the past 5 years.
- (23) We note the Offer is unconditional in all respects.
- (24) We note the Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act. We note that on 19 June 2023, UOB announced, for and on behalf of the Offeror, that at 6.00pm Singapore time, the Offeror has received acceptances amounting to an aggregate of 281,383,700 Shares, representing approximately 70.04% of the total number of Shares. With reference to paragraph 4 of the letter to Shareholders in the Offer Document, we also note the Offeror has received NLH Irrevocable Undertaking of 83,067,500 Shares, representing approximately 20.68% of the total number of Shares.
- (25) The Final Offer Consideration is final and the Offeror does not intend to revise the Final Offer Consideration.

In assessing the fairness of the financial terms of the Offer, we have relied on a range of methodologies.

Based upon our analysis and as set out above and having considered carefully the information available to us at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer are **FAIR**. Accordingly, we have considered the fair value of the Share to be between the S\$0.585 and S\$0.611, being the implied value of the median TTM EV/EBITDA multiple of selected comparable listed companies and the EV/EBITDA multiple of selected precedent transaction.

Transactions that are deemed to be **FAIR** will also be deemed to be **REASONABLE** unless there are extraneous factors which may negatively impact our opinion. In assessing reasonableness, we have considered points 18 to 25 above. For this instance, there are no extraneous factors which are deemed to negatively impact our opinion.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer are FAIR and REASONABLE. Accordingly, we advise the Recommending Directors to recommend the Shareholders to accept the Offer.

In arriving at our recommendation, we wish to emphasise that we have relied on information provided to us in accordance with our Terms of Reference in Paragraph 2 of this Letter. In addition, the Recommending Directors should note that we have arrived at our conclusion based upon information made available to us up to and including the Latest Practicable Date.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholders has different investment objectives and profile, we would advise that individual Shareholders who require specific advice in relation to their investment objectives or portfolio should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

APPENDIX A: IFA LETTER

Shareholders should note that the trading of the Shares is subject to, *inter alia*, the performance and prospects of Challenger, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, our advice on the Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of our review and also, such advice, if given, would not fall within our terms of reference in connection with the Offer.

The Recommending Directors should note that trading in the Shares is subject to possible market fluctuations and, accordingly, our advice on the Offer cannot and does not take into account the future trading activity or patterns or price levels that may be established for the Shares as these are governed by factors beyond the ambit of our review and would not fall within the terms of reference in connection with the Offer.

Our recommendations are addressed to the Recommending Directors for their benefit in connection with and for the purposes of their consideration of the Offer and shall not be used and/or relied on by any other person for any purpose at any time and in any manner other than the Offer. Any recommendations made by the Recommending Directors in respect of the Offer shall remain their responsibility.

Our recommendations are governed by the laws of Singapore, and are strictly limited to the matters stated in this Letter and do not apply by implication to any other matter.

Yours faithfully

For and on behalf of
Deloitte & Touche Corporate Finance Pte Ltd

Ng Jiak See
Executive Director

APPENDIX B: ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr. Max Ng Chee Weng	c/o 1 Ubi Link Challenger TechHub Singapore 408553	Non-Executive Independent Chairman
Mr. Loo Leong Thye	c/o 1 Ubi Link Challenger TechHub Singapore 408553	Executive Director and Chief Executive Officer
Mr. Tan Wee Ko	c/o 1 Ubi Link Challenger TechHub Singapore 408553	Executive Director and Chief Financial Officer
Mr. Tan Han Beng	c/o 1 Ubi Link Challenger TechHub Singapore 408553	Lead Independent Director
Mr. Choo Yiang Hong, Francis	c/o 1 Ubi Link Challenger TechHub Singapore 408553	Independent Director
Mr. Tan Keng Soon (Keith)	c/o 1 Ubi Link Challenger TechHub Singapore 408553	Non-Executive Non-Independent Director

2. HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated under the laws of Singapore on 14 January 1984 and was listed on the Stock Exchange of Singapore Dealing and Automated Quotation System on 14 January 2004 and subsequently on the Mainboard of the SGX-ST on 30 August 2007.

The Group operates a chain of over 40 IT retail stores under the brands Challenger, Challenger PIT and Challenger Mobile. With an extensive network of strategically-located retail stores, the Group has over half a million ValueClub members.

3. SHARE CAPITAL

3.1. Issued Shares

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$51,759,003.23 comprising 401,759,685 Shares.

As at the Latest Practicable Date, the Company does not have any (a) treasury shares or subsidiary holdings; and (b) Convertible Securities, Warrants, Options or Derivatives in the Shares or other securities which carry voting rights in the Company.

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2022, being the date to which the Company's last published audited financial statements were made up.

There are no restrictions in the Constitution on the right to transfer any Shares, which have the effect of requiring the holders of Offer Shares, before transferring them, to offer them to members of the Company or to any other person.

APPENDIX B: ADDITIONAL GENERAL INFORMATION

3.2. Convertible Securities

There are no instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares that are outstanding as at the Latest Practicable Date.

3.3. Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. For ease of reference, selected extracts of the Constitution in respect of capital, dividends and voting have been extracted and reproduced in **Appendix C (Extracts from the Constitution)** to this Circular. All terms and expressions used in the extract shall have the meanings ascribed to them in the Constitution.

4. DISCLOSURE OF INTERESTS

4.1. Interests of the Company in the Offeror Securities

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in the Offeror Securities.

4.2. Dealings in the Offeror Securities by the Company

As at the Latest Practicable Date, the Company has not dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3. Interests of the Directors in the Offeror Securities

Save as disclosed below and in this Circular, none of the Directors has any direct or deemed interest in the Offeror Securities as at the Latest Practicable Date:

- (a) the Promoter SPV holds 65 ordinary shares of the Offeror (the “**Offeror Shares**”), representing 65% of the issued share capital of the Offeror. Mr. Loo Leong Thye is the sole shareholder of the Promoter SPV; and
- (b) the Sponsor holds 35 Offeror Shares, representing 35% of the issued share capital of the Offeror. Dymon Asia Private Equity (S.E. Asia) II Ltd (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P.) (“**Dymon Asia**”) is the sole shareholder of Diamond GP Holdings II Ltd, which in turn is the sole shareholder of the Sponsor. Mr. Tan Keng Soon (Keith) holds more than 20% of the voting shares in DAPE Ltd, which is the sole shareholder of Dymon Asia.

4.4. Dealings in the Offeror Securities by the Directors

Save as disclosed below and in this Circular, none of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

- (a) Mr. Loo Leong Thye had acquired one (1) Offeror Share from the initial subscriber of the Offeror on 4 April 2023 for nil consideration; and

APPENDIX B: ADDITIONAL GENERAL INFORMATION

- (b) Mr. Loo Leong Thye subsequently transferred one (1) Offeror Share to the Promoter SPV on 13 April 2023 for nil consideration.

For the avoidance of doubt, subsequent to the incorporation of the Offeror on 4 April 2023, the Promoter SPV and the Sponsor had subscribed for additional Offeror Shares.

4.5. Interests of the Directors in the Company Securities

Save as disclosed below and in this Circular, none of the Directors has any direct or deemed interest in the Company Securities as at the Latest Practicable Date:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Max Ng Chee Weng	17,500	0.00	–	–	17,500	0.00
Mr. Loo Leong Thye	148,352,250	36.93	42,335,700 ⁽²⁾	10.54	190,687,950	47.46
Mr. Tan Keng Soon (Keith)	–	–	76,010,924 ⁽³⁾	18.92	76,010,924	18.92

Notes:

- (1) The percentage shareholding interest is based on the issued share capital of 401,759,685 Shares of the Company as at the Latest Practicable Date. Percentages are rounded to the nearest two (2) decimal places.
- (2) Mr. Loo Leong Thye is deemed to be interested in the (a) 36,633,250 Shares held by his wife, Mdm. Ong Sock Hwee; (b) 4,492,500 Shares held by his daughter, Ms. Loo Pei Fen; (c) 638,850 Shares held by his son, Mr. Loo Wei Kiat; and (d) 571,100 Shares held by the Offeror (by virtue of Mr. Loo Leong Thye being the sole shareholder of the Promoter SPV and the Promoter SPV holding more than 20% of the voting shares in the Offeror).
- (3) Mr. Tan Keng Soon (Keith) is deemed to be interested in the (a) 75,439,824 Shares held by Digileap (by virtue of Mr. Tan Keng Soon (Keith) holding more than 20% of the voting shares in DAPE Ltd, which is the sole shareholder of Dymon Asia. Dymon Asia is the sole shareholder of Diamond GP Holdings II Ltd, which in turn is the sole shareholder of the Sponsor, and the Sponsor is the sole shareholder of Digileap; and (b) 571,100 Shares held by the Offeror.

4.6. Dealings in the Company Securities by the Directors

Save as disclosed below, none of the Directors has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date:

Name of Director	Date of Transaction	No. of Shares	Transaction Price per Share (S\$)	Nature of Transaction
Mr. Tan Wee Ko	14 June 2023	1,788,000	0.60	Acceptance of the Offer ⁽¹⁾

Note:

- (1) For further information, please refer to the announcement dated 15 June 2023 in relation to the notification in respect of interests of Mr. Tan Wee Ko.

APPENDIX B: ADDITIONAL GENERAL INFORMATION

For the avoidance of doubt, as disclosed in this Circular, Mr. Loo Leong Thye is deemed interested in the Shares held by the Offeror and Mr. Tan Keng Soon (Keith) is deemed interested in the Shares held by both Digileap and the Offeror. Both Digileap and the Offeror have dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date. Please refer to the Offer Document and the announcements released on the SGXNet in relation to the disclosures on such dealings.

4.7. **Company Securities Owned or Controlled by the IFA**

As at the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any Company Securities.

4.8. **Dealings in the Company Securities by the IFA**

During the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Company Securities.

4.9. **Offeror Securities Owned or Controlled by the IFA**

As at the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any Offeror Securities.

4.10. **Dealings in Offeror Securities by the IFA**

During the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Offeror Securities.

4.11. **Directors' Intentions**

As at the Latest Practicable Date, in respect of the Directors who have a beneficial interest in Shares:

- (a) Mr. Max Ng Chee Weng has informed the Company that he intends to accept the Offer in respect of all the Shares held by him;
- (b) Mr. Loo Leong Thye has provided an Irrevocable Undertaking in favour of the Offeror, under which he has undertaken and/or agreed to accept the Offer in respect of all the Shares held by him, and any Shares which he may directly or indirectly, acquire on or after the date of his Irrevocable Undertaking. For more information on his Irrevocable Undertaking, please refer to sections 3 (*Information on the Offeror, the Sponsor and the Consortium Parties*) and 4 (*Irrevocable Undertakings*) of this Circular; and
- (c) Mr. Tan Keng Soon (Keith) is deemed interested in 76,010,924 Shares, which are held by Digileap (75,439,824 Shares) and the Offeror (571,100 Shares). Digileap has provided an Irrevocable Undertaking in favour of the Offeror, under which, it has undertaken and/or agreed to accept the Offer in respect of all the Shares held by it, and any Shares which it may directly or indirectly, acquire on or after the date of its Irrevocable Undertaking. For more information on its Irrevocable Undertaking, please refer to sections 3 (*Information on the Offeror, the Sponsor and the Consortium Parties*) and 4 (*Irrevocable Undertakings*) of this Circular.

APPENDIX B: ADDITIONAL GENERAL INFORMATION

5. OTHER DISCLOSURES

5.1. Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no service contracts entered into or amended between any of the Directors or proposed directors with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2. Arrangements Affecting Directors

As at the Latest Practicable Date, save as disclosed in the Offer Document (including in relation to the Irrevocable Undertakings, the SHA and the UOB Facility) and this Circular:

- (a) there are no agreements, arrangements or understandings for any payment or other benefit to be made or given to any Director or director of any other corporation which is by virtue of section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contracts entered into by the Offeror.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in publicly available information on the Group (including without limitation the announcements, financial statements and annual reports released by the Company on the SGXNet), neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) neither the Company nor its subsidiaries are engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group, taken as a whole; and
- (b) the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such litigation, claims or proceedings, which might materially and adversely affect the financial position of the Group, taken as a whole.

APPENDIX B: ADDITIONAL GENERAL INFORMATION

8. FINANCIAL INFORMATION

8.1. Consolidated Statements of Comprehensive Income

Certain financial information extracted from the annual reports of the Company for the past three (3) financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 is set out below. The following summary should be in conjunction with the audited consolidated financial statements for the Group for the relevant financial periods and the accompanying notes thereto, contained in the annual reports of the Company for the relevant financial periods.

Copies of these are available for inspection at the registered office of the Company. Please refer to paragraph 11 (*Documents Available for Inspection*) of this **Appendix B (Additional General Information)** for further information.

	2022 S\$'000	Group 2021 S\$'000	2020 S\$'000
Revenue	291,401	283,161	270,840
Other income and gains	2,492	4,831	6,120
Changes in inventories of finished goods	(3,101)	535	719
Purchase of goods and consumables	(226,930)	(220,050)	(208,748)
Other consumables used	(428)	(599)	(450)
Depreciation expense of property, plant and equipment	(1,824)	(1,801)	(1,760)
Depreciation expense of right-of-use assets	(15,507)	(15,125)	(11,114)
Employee benefits expense	(21,085)	(21,902)	(21,173)
Other expenses	(9,338)	(7,001)	(6,530)
Other losses	(3,381)	(932)	(1,060)
Exceptional items	–	–	–
Profit before tax	12,299	21,117	26,844
Income tax expense	(2,878)	(3,321)	(3,536)
Profit, net of tax	9,421	17,796	23,308
Other comprehensive income/(loss):			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gains on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	375	159	–

APPENDIX B: ADDITIONAL GENERAL INFORMATION

	2022 S\$'000	Group 2021 S\$'000	2020 S\$'000
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations, net of tax	36	(44)	–
Reclassification adjustments arising from disposal of debt asset instruments at FVTOCI	–	–	(9)
Fair value losses on debt asset instruments at FVTOCI, net of tax	(1,359)	(169)	74
Other comprehensive loss for the year, net of tax	(948)	(54)	65
Total comprehensive income for the year	8,473	17,742	23,373
Profit attributable to owners of the parent, net of tax	9,874	17,771	23,227
(Loss)/Profit attributable to non-controlling interests, net of tax	(453)	25	81
Profit, net of tax	9,421	17,796	23,308
Total comprehensive income attributable to owners of the parent	8,926	17,717	23,292
Total comprehensive (loss)/income attributable to non-controlling interests	(453)	25	81
Total comprehensive income	8,473	17,742	23,373
Earnings per share			
Earnings per share currency unit	Cents	Cents	Cents
Basic and diluted	2.46	5.01	6.73
Dividend per share			
Dividend per share currency unit	Cents	Cents	Cents
Dividend per share	1.25	2.80	2.70

APPENDIX B: ADDITIONAL GENERAL INFORMATION

8.2. Consolidated Statements of Financial Position

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2021 and as at 31 December 2022 is set out below. The following summary should be read in conjunction with the FY2022 Audited Consolidated Financial Statements and the accompanying notes thereto, which are reproduced in **Appendix D (FY2022 Audited Consolidated Financial Statements)** to this Circular.

	Group	
	2022	2021
	S\$'000	S\$'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	6,015	6,189
Right-of-use assets	27,108	24,024
Investments in subsidiaries	–	–
Investment in an associate	–	–
Other financial assets	27,554	27,429
Total non-current assets	60,677	57,642
<u>Current assets</u>		
Inventories	32,662	35,763
Trade and other receivables	5,214	3,885
Other financial assets	248	–
Other assets	5,080	4,590
Cash and cash equivalents	115,663	116,784
Total current assets	158,867	161,022
Total assets	219,544	218,664
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the parent</u>		
Share capital	51,575	51,575
Retained earnings	109,259	110,634
Other reserves	(985)	(37)
Equity, attributable to owners of the parent	159,849	162,172
Non-controlling interests	(320)	133
Total equity	159,529	162,305

APPENDIX B: ADDITIONAL GENERAL INFORMATION

	Group	
	2022	2021
	S\$'000	S\$'000
ASSETS		
<u>Non-current liabilities</u>		
Deferred tax liabilities	17	17
Financial liabilities – lease liabilities	15,038	11,552
Other liabilities	4,444	3,087
Total non-current liabilities	19,499	14,656
<u>Current liabilities</u>		
Other liabilities	6,846	5,133
Provisions	2,415	2,388
Financial liabilities – lease liabilities	12,770	13,165
Trade and other payables	15,358	17,725
Income tax payable	3,127	3,292
Total current liabilities	40,516	41,703
Total liabilities	60,015	56,359
Total equity and liabilities	219,544	218,664

8.3. Significant Accounting Policies

The summary of significant accounting policies of the Company is disclosed in Note 2 (*Significant accounting policies and other explanatory information*) of the FY2022 Audited Consolidated Financial Statements, which is reproduced in **Appendix D (FY2022 Audited Consolidated Financial Statements)** to this Circular. Save as disclosed in Note 2 (*Significant accounting policies and other explanatory information*) of the FY2022 Audited Consolidated Financial Statements, there are no significant accounting policies or any points from such notes, which are of any major relevance for the interpretation of the accounts of the Group referred to in this Circular.

8.4. Changes in Accounting Policies

Save as disclosed in Note 2 (*Significant accounting policies and other explanatory information*) of the FY2022 Audited Consolidated Financial Statements, as at the Latest Practicable Date, there is no change in the accounting policies of the Company which will cause the figures disclosed in this Circular not to be comparable to a material extent.

8.5. Material Changes in Financial Position

As at the Latest Practicable Date, save as disclosed in this Circular and any publicly available information on the Group (including without limitation the announcements, financial statements and annual reports released by the Company on the SGXNet), there are no known material changes in the financial position of the Group since 31 December 2022, being the date of the Group's last published audited financial statements.

APPENDIX B: ADDITIONAL GENERAL INFORMATION

9. VALUATION REPORT

The Company has commissioned an independent valuation of the Property. As disclosed in the Valuation Report, the basis of valuation is the Market Comparison Method of Valuation. A copy of the Valuation Report is set out as **Appendix E (Valuation Report)** to this Circular. The Valuation Report is also available for inspection at the registered office of the Company.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liabilities which would arise if the Property, which is the subject of a valuation given in connection with the Offer, were to be sold at the valuation. The management of the Company is of the view that the potential tax liabilities which may be incurred by the Group on the hypothetical disposal of the Property based on the valuations carried out by the Valuer will not be material. The aforesaid tax liabilities are not likely to crystallise as the Group has no intention to sell the Property as at the Latest Practicable Date as it is for the Group's own use and not intended for sale.

10. GENERAL

10.1. All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

10.2. Deloitte & Touche Corporate Finance Pte Ltd, named as the IFA in this Circular, has given and has not withdrawn its written consent to act in such capacity and to the issue of this Circular with the inclusion of its name, the IFA Letter set out as **Appendix A (IFA Letter)** to this Circular and all references thereto in the form and context in which each they appear in this Circular.

10.3. CKS Property Consultants Pte. Ltd., named as the Valuer in this Circular, has given and has not withdrawn its written consent to act in such capacity in relation to this Circular and to the issue of this Circular with the inclusion of its name, the Valuation Report set out as **Appendix E (Valuation Report)** to this Circular and all references thereto in the form and context in which they appear in this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports for FY2020, FY2021 and FY2022;
- (c) the IFA Letter set out as **Appendix A (IFA Letter)** to this Circular;
- (d) the Valuation Report set out as **Appendix E (Valuation Report)** to this Circular; and
- (e) the letters of consent referred to in paragraphs 10.2 and 10.3 of **Appendix B (Additional General Information)** to this Circular.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution and reproduced as follows:

Please see the definitions in the Constitution for terms used in the reproduced extracts below.

A. RIGHTS IN RESPECT OF CAPITAL

Shares

5. *Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to these Articles relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) and at a premium or otherwise and at such time as the Directors determine Provided Always that:-*
- Shares under control of Company in General Meeting.*
- (a) *no shares may be issued at a discount except in accordance with the Statutes; and*
- (b) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*
- 6.1. *Subject to the limits referred to in Article 58, the Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting.*
- Authority of Directors to issue shares.*
- 6.2. *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.*
7. *Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue*
- Company may issue shares with preferred, qualified, deferred and other special rights.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine Provided Always that the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares for the time being.

8. *The Company shall have the power to issue further preference capital ranking equally with or in priority to the preference capital then already issued.*

Issue of further preference shares.
9. *Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.*

Alteration of rights of preference shareholders.
10. *Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.*

Rights of preference shareholders.
11. *If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative.*

Instalments of shares.
12. *The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company but such commission shall not exceed ten per cent of the price at which the shares are issued or an amount equivalent thereof. Any such commission may be paid in whole or in part in cash or fully or partly paid shares of the*

Commission for subscribing.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Company at par as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price not being less than par. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable.

- 13.1. *The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.* Joint Holders.
- 13.2. *Subject to Article 13(1), any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.*
- 13.3. *The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.*
14. *No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where these Articles otherwise provide or as required by the Statutes or pursuant to any order of Court.* No trusts recognised.
15. *No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him.* Exercise of rights of Members.
16. *The Company may, subject to and in accordance with the Act and any other relevant legislation, rules or regulations enacted or prescribed by any relevant authority from time to time, purchase or otherwise acquire ordinary shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. Any share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire.* Power to purchase or acquire its issued share.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Share Certificate

17. *Every certificate for shares shall be under the Seal.* *Authentication of certificates.*
18. *Every certificate of shares shall specify the distinctive numbers of the shares in respect of which it is issued, and the amount paid up thereon. No share certificate shall be issued representing shares of more than one class.* *Certificates shall specify number of shares.*
19. *Every person whose name is entered as a registered holder in the Register shall be entitled without payment to receive within ten Market Days (or such other period as may be approved by the Exchange) after the closing date for applications to subscribe for a new issue of shares and within ten Market Days (or such other period as may be approved by the Exchange) after lodgement of a registrable transfer one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class subject to such person's prior payment of two Singapore Dollars (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as the Statutes or Exchange may prescribe) for every certificate after the first and such stamp duty as is payable on such certificate unless otherwise directed by the Directors Provided Always that in the case of joint registered holders, the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them shall be sufficient delivery to all such holders.* *Member's right to certificate & cancellation of certificates.*
- 20.1. *Where only some of the shares comprised in any share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu thereof without charge.* *Issue of replacement certificates.*
- 20.2. *Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register may be cancelled at his request and a single new certificate for such shares issued in lieu thereof without charge.*
- 20.3. *Any share certificate representing shares of any class held by any person whose name is entered in the Register may be surrendered by such person for cancellation and at his request the Company may issue in lieu thereof two or more share certificates representing such shares in such proportions as such person may specify, and the Directors may comply with such request if they think fit. Such person shall pay a maximum of two Singapore Dollars for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine, taking into consideration any limitation thereof as may be prescribed by the Exchange.*
- 20.4. *Subject to the Statutes, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, registered holder, transferee, person entitled or member company of the Exchange or on its behalf or their client or clients*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

as the Directors shall require and in the case of defacement or wearing out on delivery up of the old certificate and in any case on payment of such sum not exceeding two Singapore Dollar as the Directors may from time to time require (or such other amount as may be permitted under the Statutes). In the case of theft, destruction or loss the registered holder or the person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss.

20.5. *Where shares are registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.*

21. *The certificates of shares registered in the names of two or more persons may be delivered to the joint holder first named in the Register.* *Delivery of share certificates.*

Lien on Shares

22. *The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time declared in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share (including without limitation unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid) and for all moneys which the Company may be called upon by law to pay in respect of the shares of the Member or the deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 22 upon such terms as they may deem fit in the best interest of the Company.* *Company's lien on shares.*

23. *For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the shares or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice.* *Right to enforce lien by sale.*

24. *The net proceeds of any such sale shall be applied in or towards the satisfaction of the unpaid calls and accrued interest and expenses of such sale, and the residue (if any) shall be paid to the person whose shares have been sold, his executors, administrators, trustees or assignees or as he shall direct.* *Application of proceeds of sale.*

25. *To give effect to any such sale the Directors may authorise some person to transfer or to effect the transfer, as the case may be of the shares sold to the purchaser.* *How sale to be effected.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Calls on Shares

26. *The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.* Powers of Directors to make calls.
27. *The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof.* Joint and several liability.
28. *If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof.* Interest on unpaid calls.
29. *Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date whether on account of the nominal value of the share or by way of premium and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of these Articles or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided.* Sums payable terms of allotment to be deemed calls.
30. *The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.* Difference in calls between various holders.
31. *The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.* Payment of call in advance.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Forfeiture of Shares

32. *If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may at any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment.* Notice to be given of intended forfeiture.
33. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited.* Form of notice.
34. *If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.* If notice not complied with shares may be forfeited.
35. *Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed.* Sale etc of forfeited and surrendered shares.
36. *The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-allotted, or otherwise disposed of, annul the forfeiture or surrender thereof upon such condition as they think fit.* Power of annul forfeiture.
37. *For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser.* Transfer of forfeited or surrendered shares.
38. *Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue* Liability on forfeited shares.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct.

- 39.1 *A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share.* Declaration by Director or Secretary conclusive of fact of forfeiture.
- 39.2 (a) *In the event of such sale, re-allotment or disposal, where the person (the “**Relevant Person**”) to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant Person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of.*
- (b) *The Relevant Person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

Transfer of Shares

40. *Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.* Shares to be transferable.
41. *The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.* Instrument of transfer.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

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| 42. | <i>Shares of different classes shall not be comprised in the same instrument of transfer.</i> | <i>Only shares of same class to be in same instrument.</i> |
| 43. | <i>No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.</i> | <i>Restriction on transfer.</i> |
| 44. | <i>All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.</i> | <i>Retention of Instrument of transfer.</i> |
| 45. | <i>The Directors may decline to accept any instrument of transfer unless:-</i>

<i>(a) all or any part of the stamp duty (if any) payable on each share transfer is paid to the Company; and</i>

<i>(b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine or such other sum as may from time to time be prescribed by the Exchange is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.</i> | <i>Fees relating to transfers.</i> |
| 46. | <i>The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:-</i>

<i>(a) which are not fully paid up; or</i>

<i>(b) on which the Company has a lien.</i> | <i>Power of Directors to refuse to register.</i> |
| 47. | <i>If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal.</i> | <i>Notice of refusal to be sent by Company.</i> |
| 48. | <i>The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.</i> | <i>Closure of the Register.</i> |

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Transmission of Shares

- 49.1 *In the case of the death of a Member the survivor where the deceased was a joint holder, and the legal personal representative of the deceased who was a sole or only surviving holder, or where such legal representative is entered in the Depository Register in respect of the shares of the deceased Member who was a Depositor, shall be the only person recognised by the Company as having any title to his shares.* *Transmission of registered shares.*
- 49.2 *Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.*
50. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case may be.* *Rights of registration and transfer upon demise or bankruptcy of Member.*
51. *Save as otherwise provided in these Articles, a person becoming entitled to a share pursuant to Articles 49(1) and 50, shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be. Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.* *Person registered under transmission clause entitled to dividends.*

Stock

52. *The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.* *Conversion of shares to stock.*
53. *When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum amount of stock transferable. Provided Always that such minimum shall not exceed the nominal amount of the shares from which the stock arose.* *Stockholders entitled to transfer interest.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

54. *The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.*

Stockholders entitled to profits.

55. *All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words "shares" shall include "stock", and "Depositor", "Member" and "shareholder" shall include "stockholder".*

Definitions.

Increase of Capital

56. *The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct.*

Power to increase capital.

57.1 *Unless otherwise determined by the Company in General Meeting or except as permitted by the listing rules of the Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled.*

Issue of new shares to Members.

57.2 *The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided.*

Notice of issue.

58. *Notwithstanding Article 56 above, the Company may pursuant to Section 161 of the Act by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares whether by way of rights, bonus or otherwise, and make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation*

Issue of shares up to fifty per cent.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, and (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:-

- (a) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed fifty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the Members of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed twenty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below);*
- (b) *(subject to such manner of calculation as may be prescribed by the Exchange) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee share options on issue at the time that the Ordinary Resolution is passed, and any subsequent consolidation or subdivision of shares provided that if a general mandate is obtained before the listing of the Company on the Exchange, the percentage of issued share capital shall be based on the post-invitation issued share capital of the Company after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee share options on issue at the time such authority is given, and for any consolidation or subdivision of shares; and*

unless previously revoked or varied by the Company in General Meeting, such authority conferred by the Ordinary Resolution shall not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

59. *Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.*

New capital considered part of original capital.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Alteration of Capital

- 60.1 *The Company may by Ordinary Resolution:-* *Alteration of capital.*
- (a) *consolidate and divide its capital into shares of larger amount than its existing shares; or*
 - (b) *cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or*
 - (c) *by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or*
 - (d) *subject to the Statutes, convert any class of shares into any other class of shares.*
- 60.2 *The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and with and subject to any requirement authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the nominal amount of the issued ordinary share capital of the Company shall be diminished by the nominal amount of the share so cancelled.*

Capitalisation of Profits and Reserves

- 148.1 *The Directors may, with the sanction of an Ordinary Resolution of the Company in General Meeting (including any Ordinary Resolution passed pursuant to Article 6(1) or Article 58), capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other Provided Always that a capital redemption reserve fund may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to such holders as fully paid bonus shares unless otherwise permitted by the provisions of the Act.* *Capitalisation of profits and reserves.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

148.2 *Whenever such Ordinary Resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.*

B. RIGHTS IN RESPECT OF VOTING

General Meetings

66. *In addition to any other meetings, a General Meeting shall be held at least once in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.* *General Meetings.*
67. *The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.* *Annual General Meetings.*
68. *The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.* *First Annual General Meeting.*
69. *The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes.* *Directors may call Extraordinary General Meetings.*
70. *The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:-* *Extraordinary General Meetings called on requisition of shareholders.*
- (a) *The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.*
- (b) *If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.

- (c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.*
- (d) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.*

- 71. *Subject to the Statutes relating to the convening of meetings to pass Special Resolutions, at least fourteen days' notice specifying the place, day and hour of the meeting, and in case of special business, a notice setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members other than such as are not entitled under these Articles to receive such notices from the Company. At least fourteen days' notice in writing of any General Meeting shall be given and at least twenty-one days' notice in writing in the case of a Meeting to pass Special Resolution shall be given to the Exchange. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.*

Notice of meeting.
- 72. *Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days.*

Members may submit resolution to meeting on giving notice to Company.
- 73. *Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed.*

Secretary to give notice to Members.
- 74. *The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting.*

Accidental omission to give notice.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Proceedings at General Meetings

75. *All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors.* *Special business.*
76. *Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91.* *Quorum.*
77. *If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum.* *If quorum not present.*
78. *The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.* *Chairman.*
79. *The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.* *Adjournment.*
80. *At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:-*
- (a) the Chairman of the meeting; or*
 - (b) not less than two Members present in person or by proxy and entitled to vote; or*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

- (c) *a Member or Members present in person or by proxy, holding or representing, as the case may be:-*
- (i) *not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or*
 - (ii) *shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.*
- 81.1 *If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.* *Chairman's direction as to poll.*
- 81.2 *No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.*
82. *Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.* *Declaration of Chairman conclusive.*
- 83.1 *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.* *Objection to admissibility.*
- 83.2 *If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.*
84. *In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.* *In the event of equality of votes.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

Votes of Members

- 85.1 *Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:-* *Voting rights.*
- (a) *every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman shall be entitled to treat the first named proxy as the authorised representative to vote where a Member is represented by two proxies; and*
- (b) *every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.*
- 85.2 *For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.*
86. *In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.* *Right of joint holders.*
87. *Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.* *Members only entitled to vote upon full payment.*
88. *A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.* *Votes of Members of unsound mind.*
89. *On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.* *Vote personal or by proxy.*
- 90.1 *A proxy need not be a Member.* *Proxies.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

- 90.2 *A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where the Member is a Depositor, the Company shall be entitled and bound:-*
- (a) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;*
 - (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and*
 - (c) *in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- 90.3 *In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.*
91. *Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.* *Corporation may appoint representative.*
92. *An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:-* *Execution of instrument of proxy on behalf of appointor.*
- (1) *in the case of an individual shall be signed by the appointor or his attorney;*
 - (2) *in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

93. *Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.* Lodgement of instrument appointing proxy.
94. *The signature on an instrument of proxy need not be witnessed.* No witness needed for instrument of proxy.
95. *A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting.* When vote by proxy valid though authority revoked.
96. *An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.* Instrument deemed to confer authority.
97. *Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.* Voting in respect of shares of different monetary denominations.

C. RIGHTS IN RESPECT OF DIVIDENDS

Dividends

135. *The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.* Appropriation of profits.
136. *The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.* Declaration of Dividend.
137. *No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.* Dividend payable out of profits.
138. *The declaration of the Directors as to the net profits of the Company shall be conclusive.* Declaration conclusive.

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

139. *The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.* *Interim dividend.*
140. *The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.* *Debts may be deducted.*
141. *A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.* *Effect of transfer.*
142. *Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payment shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.* *Dividend in specie.*
143. *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.* *Power to retain dividends.*
144. *In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.* *Payment to and receipt by joint holders.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

145. *Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.* *Notice of dividend.*
146. *Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or person(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.* *Payment by post.*
147. *The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed.* *Unclaimed dividends*
- D. RIGHTS IN RESPECT OF RESERVES**
- Reserve Fund**
149. *The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company.* *Formation and object of Reserve Fund.*

APPENDIX C: EXTRACTS FROM THE CONSTITUTION

E. RIGHTS IN RESPECT OF WINDING UP

Winding Up

168. *The Directors shall have the power to present a petition to the court in the name and on behalf of the Company for the Company to be wound up.* *Directors have power to present petition.*
169. *If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.* *Distribution of assets in winding up.*
170. *If the Company shall be wound up, the liquidators may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any share or other consideration receivable by the Liquidators amongst the Members otherwise than in accordance with their existing rights; and any such determination, shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.* *Distribution of assets in specie.*

APPENDIX D: FY2022 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The information set out in this **Appendix D (FY2022 Audited Consolidated Financial Statements)** is a reproduction of selected financial information extracted from the annual report of the Company for FY2022, and was not specifically prepared for inclusion in this Circular.

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2022, and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the reporting year ended on that date; and
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Loo Leong Thye (Chief Executive Officer)
 Tan Wee Ko
 Max Ng Chee Weng
 Tan Chay Boon
 Tan Han Beng
 Tan Keng Soon

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act 1967 (the "Act") except as follows:

Name of directors and company in which interests are held	Direct interests		
	At beginning of the reporting year	At end of the reporting year	At 21 January 2023
The company – Challenger Technologies Limited	Number of ordinary shares of no par value		
Loo Leong Thye	148,352,250	148,352,250	148,352,250
Tan Wee Ko	1,788,000	1,788,000	1,788,000
Max Ng Chee Weng	17,500	17,500	17,500

STATEMENT BY DIRECTORS

3. Directors' interests in shares and debentures (cont'd)

Name of directors and company in which interests are held	Deemed interests		
	At beginning of the reporting year	At end of the reporting year	At 21 January 2023
The company – Challenger Technologies Limited	Number of ordinary shares of no par value		
Loo Leong Thye	40,378,900	41,764,600	41,764,600
Tan Keng Soon	60,276,324	60,879,024	70,061,524

By virtue of section 7 of the Act, Mr Loo Leong Thye with the above interests is deemed to have an interest in the company and in all the related body corporate of the company.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

STATEMENT BY DIRECTORS

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Tan Han Beng	(Chairman of audit committee)
Max Ng Chee Weng	(Independent and non-executive director)
Tan Chay Boon	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it reviewed the following, where relevant, with management, the external auditors and the internal auditors:

- The audit plan of the independent external auditor.
- The independent external auditor's evaluation of the company's internal accounting controls relevant to the statutory audit, the audit report on the financial statements and the assistance given by management to the auditor.
- The scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- The financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- The interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the corporate governance report in the annual report of the company. It also includes an explanation of how the independent auditor's objectivity and independence are safeguarded when the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent external auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent external auditor at the next annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the board, with the concurrence of the audit committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2022 to address the risks that the company considers relevant and material to its operations.

STATEMENT BY DIRECTORS

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 17 February 2023, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Loo Leong Thye
Chief Executive Officer

31 March 2023

Tan Wee Ko
Executive Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Challenger Technologies Limited (the "company") and its subsidiaries (collectively, the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS (I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

Key audit matters (cont'd)

Net realisable value of inventories

Refer to Notes 2A and 2C to the financial statements for the relevant accounting policy and critical judgement made in relation to inventories, and Note 18 for the breakdown of inventories as at the reporting year end.

As at the reporting year end, the group had inventories of \$32,662,000 (2021: \$35,763,000) carried on its statement of financial position. The group's inventories are Information Technology ("IT") and IT related products which are subject to changing consumer demands and technological advancement. The cost of these inventories may not be recoverable in full if these inventories are damaged, or if they become obsolete, or if their selling prices have declined. Judgement is required to assess the appropriate level of allowance for obsolete inventories which may ultimately be sold below cost or remained unsold as a result of a change in consumer demand.

The estimate of allowance for obsolete inventories is based on the age of these inventories, prevailing market conditions in the IT and related products retail industry and historical allowance experience, which requires management's judgement. Management applies judgement in determining the appropriate allowance for obsolete inventories based on the aging analysis of the inventories, their technical assessment of inventories concerned, arrangement with suppliers in relation to price protection and return policies, and consideration of future demand and future selling price for the products. This methodology relies upon assumptions made in determining appropriate allowance percentages for different categories of inventories.

Our procedures include:

- Reviewing the appropriateness of the inventory allowance policy adopted by management (taking into consideration the historical information and management's technical assessment) and the group's adherence to it;
- Reviewing the inventories turnover days and ageing of inventories to assess if there was any significant build up of aged inventories;
- Comparing the net realisable value of selected inventories to their subsequent selling prices;
- Reviewing selected reseller agreements with suppliers that includes price protection and return policies; and
- Assessing the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Wei Ling.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2023

Effective from reporting year ended 31 December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2022

	Notes	Group	
		2022 \$'000	2021 \$'000
Revenue	5	291,401	283,161
Other income and gains	6	2,492	4,831
Changes in inventories of finished goods		(3,101)	535
Purchase of goods and consumables		(226,930)	(220,050)
Other consumables used		(428)	(599)
Depreciation expense of property, plant and equipment	13	(1,824)	(1,801)
Depreciation expense of right-of-use assets	14	(15,507)	(15,125)
Employee benefits expense	7	(21,085)	(21,902)
Other expenses	8	(9,338)	(7,001)
Other losses	6	(3,381)	(932)
Profit before tax		12,299	21,117
Income tax expense	9	(2,878)	(3,321)
Profit, net of tax		9,421	17,796
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Fair value gains on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	17	375	159
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	23	36	(44)
Fair value losses on debt asset instruments at FVTOCI, net of tax	17	(1,359)	(169)
Other comprehensive loss for the year, net of tax		(948)	(54)
Total comprehensive income for the year		8,473	17,742
Profit attributable to owners of the parent, net of tax		9,874	17,771
(Loss)/Profit attributable to non-controlling interests, net of tax		(453)	25
Profit, net of tax		9,421	17,796
Total comprehensive income attributable to owners of the parent		8,926	17,717
Total comprehensive (loss)/income attributable to non-controlling interests		(453)	25
Total comprehensive income		8,473	17,742
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic and diluted	11	2.46	5.01

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	6,015	6,189	5,385	6,155
Right-of-use assets	14	27,108	24,024	26,814	24,011
Investments in subsidiaries	15	-	-	4,590	6,553
Investment in an associate	16	-	-	-	-
Other financial assets	17	27,554	27,429	26,711	26,961
Total non-current assets		60,677	57,642	63,500	63,680
Current assets					
Inventories	18	32,662	35,763	32,685	35,762
Trade and other receivables	19	5,214	3,885	5,662	2,461
Other financial assets	17	248	-	248	-
Other assets	20	5,080	4,590	4,935	4,496
Cash and cash equivalents	21	115,663	116,784	109,256	110,567
Total current assets		158,867	161,022	152,786	153,286
Total assets		219,544	218,664	216,286	216,966
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	51,575	51,575	51,575	51,575
Retained earnings		109,259	110,634	110,345	110,682
Other reserves	23	(985)	(37)	(1,327)	32
Equity, attributable to owners of the parent		159,849	162,172	160,593	162,289
Non-controlling interests		(320)	133	-	-
Total equity		159,529	162,305	160,593	162,289
Non-current liabilities					
Deferred tax liabilities	9	17	17	-	-
Financial liabilities - lease liabilities	24	15,038	11,552	14,860	11,552
Other liabilities	25	4,444	3,087	1,209	724
Total non-current liabilities		19,499	14,656	16,069	12,276
Current liabilities					
Other liabilities	25	6,846	5,133	5,011	3,884
Provisions	26	2,415	2,388	2,415	2,388
Financial liabilities - lease liabilities	24	12,770	13,165	12,610	13,149
Trade and other payables	27	15,358	17,725	16,461	19,695
Income tax payable		3,127	3,292	3,127	3,285
Total current liabilities		40,516	41,703	39,624	42,401
Total liabilities		60,015	56,359	55,693	54,677
Total equity and liabilities		219,544	218,664	216,286	216,966

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2022

	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Attributable to Owners of Parent Sub-total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
Group						
Current year:						
Opening balance at 1 January 2022	51,575	110,634	(37)	162,172	133	162,305
Changes in equity:						
Total comprehensive income/(loss) for the year	-	9,874	(948)	8,926	(453)	8,473
Dividends paid (Note 12)	-	(11,249)	-	(11,249)	-	(11,249)
Closing balance at 31 December 2022	51,575	109,259	(985)	159,849	(320)	159,529
Previous year:						
Opening balance at 1 January 2021	18,775	102,184	17	120,976	348	121,324
Changes in equity:						
Total comprehensive income/(loss) for the year	-	17,771	(54)	17,717	25	17,742
Dividends paid (Note 12 and 12A)	-	(9,321)	-	(9,321)	(240)	(9,561)
Issuance of new ordinary shares	32,800	-	-	32,800	-	32,800
Closing balance at 31 December 2021	51,575	110,634	(37)	162,172	133	162,305

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2022

	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total Equity \$'000
Company				
Current year:				
Opening balance at 1 January 2022	51,575	110,682	32	162,289
Changes in equity:				
Total comprehensive income/(loss) for the year	-	10,912	(1,359)	9,553
Dividends paid (Note 12)	-	(11,249)	-	(11,249)
Closing balance at 31 December 2022	51,575	110,345	(1,327)	160,593
Previous year:				
Opening balance at 1 January 2021	18,775	101,452	201	120,428
Changes in equity:				
Total comprehensive income/(loss) for the year	-	18,551	(169)	18,382
Dividends paid (Note 12)	-	(9,321)	-	(9,321)
Issuance of new ordinary shares	32,800	-	-	32,800
Closing balance at 31 December 2021	51,575	110,682	32	162,289

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Reporting Year Ended 31 December 2022

	Group	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	12,299	21,117
Adjustments for:		
Depreciation of property, plant and equipment	1,824	1,801
Depreciation of right-of-use assets	15,507	15,125
Losses/(gains) on disposal of plant and equipment	73	(87)
Fair value losses/(gains) of investments at fair value through profit or loss ("FVTPL")	2,402	(812)
Interest income	(1,857)	(617)
Interest expense	744	807
Net effect of exchange rate changes in consolidating foreign operations	36	(44)
Operating cash flows before working capital changes	31,028	37,290
Trade and other receivables	(1,329)	2,042
Other assets	(490)	(86)
Inventories	3,101	(443)
Trade and other payables	(2,367)	308
Other liabilities	3,015	128
Net cash flows from operations	32,958	39,239
Income taxes paid	(3,043)	(4,998)
Net cash generated from operating activities	29,915	34,241
Cash flows used in investing activities		
Interest income received	1,857	617
Additions to other financial assets	(4,759)	(20,331)
Proceeds from disposal of debt asset instruments at FVTOCI	1,000	-
Proceeds from disposal of plant and equipment	30	120
Purchase of plant and equipment	(1,671)	(1,072)
Net cash used in investing activities	(3,543)	(20,666)
Cash flows (used in)/from financing activities		
Lease liabilities – principal portion paid	(15,500)	(14,894)
Interest expense paid	(744)	(807)
Proceeds from issuance of shares	-	32,800
Dividends paid to equity owners	(11,249)	(9,321)
Dividends paid to non-controlling interests	-	(240)
Net cash (used in)/generated from financing activities	(27,493)	7,538
Net (decrease)/increase in cash and cash equivalents	(1,121)	21,113
Cash and cash equivalents, beginning balance	116,784	95,671
Cash and cash equivalents, ending balance (Note 21)	115,663	116,784

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. General

Challenger Technologies Limited (the “company”) is incorporated in Singapore with limited liability. It is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The financial statements are presented in Singapore Dollar (“\$”) and they cover the company (referred to as “parent”) and the subsidiaries (collectively, the “group”). All financial information in these financial statements are rounded to the nearest thousand (‘000) except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are to provide IT products and services through the sale of IT and related products.

The principal activities of the subsidiaries and associate are described in Notes 15, 16 and 33 to the financial statements.

The company’s registered office is: 1 Ubi Link, Challenger TechHub, Singapore 408553. The company is situated in Singapore. Its principal place of business is in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I)”) and the related Interpretations to SFRS (I) (“SFRS (I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. General (cont'd)

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C below, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the group obtains control of the investee. They are de-consolidated from the date that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

The consideration received from the sale of goods to customers under the membership programme is allocated to the goods sold and the rebates issued (award credits) that are expected to be redeemed. The consideration allocated to the award credits is measured at the fair value of the points. It is recognised as a contract liability on the statement of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the fair value of the number of award credits that have been redeemed.

Rendering of services

Revenue from service orders and term projects is recognised when the group satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Revenue from the provision of warranty services are recognised rateably over the warranty period; warranty-related costs are recognised as incurred. The unearned warranty service revenues are recognised as a liability on the statement of financial position.

Fees from membership administration are recognised rateably over the membership period. The unearned membership administration fees are recognised as a contract liability on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

Distinct goods or services in a series

For distinct goods or services in a series such as routine or recurring service contracts where the promise under the contract is for a specified quantity of goods or services that meets the over time criteria or is a stand-ready or single continuous service and if the nature of each good or service is distinct, substantially the same and has the same pattern of transfer or each time increment is distinct, then revenue is recognised at the amount that the group has the right to bill a fixed amount for each unit of goods or service provided.

Rental income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Other income

Interest income is recognised using the effective interest method.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The group's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan).

Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the group in an independently administered fund. The group contributes an amount equal to a fixed percentage of the salary of each participating employee.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits (cont'd)

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the group is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the company operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws at the end of the reporting year; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associate except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 26 on non-current provisions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property	-	3.8%
Renovations	-	12.5% to 33%
Plant & equipment	-	10% to 100%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases of lessor

For a lessor a lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group and the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the group controls another entity.

In the group's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

There were no business combinations during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Carrying amounts of non-financial assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the group becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

Classification and measurement of financial assets:

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI); (3) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI); and (4) Financial asset classified as measured at fair value through profit or loss (FVTPL).

At the end of the reporting year, the group had the following financial assets:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets (cont'd):

- Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): A debt asset instrument is measured at fair value through other comprehensive income (FVTOCI) only if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.
- Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction, if any. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The group's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

2B. Other explanatory information

Segment reporting

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. Such a review requires significant management judgement and estimates and is based on acceptable evidence available at the end of the reporting year. The usual considerations for determining the amount of allowance or write-down include the aging analysis of inventories, technical assessment of the inventories concerned, arrangements with suppliers in relation to price protection and return policies and consideration of future demand and future selling price of the inventories. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 18.

Measurement of impairment of subsidiary:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The carrying amount of the company's investments in subsidiaries at the end of the reporting year is disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the group to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr Loo Leong Thye, a director and shareholder of the company.

3A. Related party transaction

There are transactions and arrangements between the group and its related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following significant related party transactions:

	Group	
	2022	2021
	\$'000	\$'000
<u>Related parties</u>		
Fees to a firm in which a director has an interest	55	40
Sale of motor vehicle to a director	-	120
	55	160

3B. Key management compensation

	Group	
	2022	2021
	\$'000	\$'000
Fees to directors of the company	176	176
Salaries and other short-term employee benefits	2,286	3,332
Post-employment benefits	98	85
	2,560	3,593

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Related party relationships and transactions (cont'd)

3B. Key management compensation (cont'd)

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2022 \$'000	2021 \$'000
Remuneration of directors of the company	1,225	1,904
Remuneration of directors of the subsidiaries	566	189
Fees to directors of the company	176	176

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for the directors and other key management personnel.

3C. Other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to subsidiaries are as follows:

	Company	
	2022 \$'000	2021 \$'000
At beginning of the year – net (credit)/debit	(302)	2,364
Amounts paid out and settlement of liabilities on behalf of the subsidiary	1,499	(2,666)
Amounts paid in and settlement of liabilities on behalf of the company	–	(302)
At end of the year – net debit/(credit)	1,197	(2,585)
Presented in the statement of financial position as follows:		
Other receivables (Note 19)	2,782	2,283
Other payables (Note 27)	(1,585)	(2,585)
	1,197	(302)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

For management purposes the group is organised into the following major strategic operating segments that offer different products and services: (1) IT products and services, (2) electronic signage services, (3) telephonic call centre and data management services and (4) investments. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

- The IT products and services segment is involved in retailing a large selection of IT products including personal computers, notebooks, printers, smart home peripherals, mobility devices and software.
- The electronic signage services segment is involved in the supply and installation of electronic signages and provision of electronic signage services.
- The telephonic call centre and data management services segment carries on the business of telephonic call centre, data management services and direct marketing services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interest and income taxes (called "Recurring EBITDA") and (2) profit before tax.

The following tables illustrate the information about the reportable segments' profit or loss, assets and liabilities:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Financial information by operating segments (cont'd)

4B. Profit or loss and reconciliations

	IT products and services \$'000	Electronic signage services \$'000	Telephonic call centre and data management services \$'000	Investments \$'000	Total \$'000
2022:					
Revenue by segment					
Total revenue by segment	288,227	459	2,962	-	291,648
Inter-segment revenue	(65)	(8)	(174)	-	(247)
Total revenue	288,162	451	2,788	-	291,401
Recurring EBITDA					
Interest income	-	-	-	1,857	1,857
Interest expense	(735)	-	(9)	-	(744)
Depreciation	(17,084)	-	(247)	-	(17,331)
Profit before tax	14,352	12	(1,520)	(545)	12,299
Income tax expense					(2,878)
Profit, net of tax					9,421

	IT products and services \$'000	Electronic signage services \$'000	Telephonic call centre and data management services \$'000	Investments \$'000	Total \$'000
2021:					
Revenue by segment					
Total revenue by segment	279,263	474	3,811	-	283,548
Inter-segment revenue	(92)	-	(295)	-	(387)
Total revenue	279,171	474	3,516	-	283,161
Recurring EBITDA					
Interest income	-	-	6	611	617
Interest expense	(804)	-	(4)	-	(808)
Depreciation	(16,691)	-	(236)	-	(16,927)
Profit before tax	19,610	(23)	102	1,428	21,117
Income tax expense					(3,321)
Profit, net of tax					17,796

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	IT products and services \$'000	Electronic signage services \$'000	Telephonic call centre and data management services \$'000	Investments \$'000	Total \$'000
2022:					
Total assets for reportable segments	86,786	649	2,506	129,603	219,544
2021:					
Total assets for reportable segments	112,270	495	4,592	101,307	218,664

4D. Liabilities and reconciliations

	IT products and services \$'000	Electronic signage services \$'000	Telephonic call centre and data management services \$'000	Investments \$'000	Unallocated \$'000	Total \$'000
2022:						
Total liabilities for reportable segments	50,849	221	5,783	18	-	56,871
Unallocated:						
Deferred and current tax liabilities	-	-	-	-	3,144	3,144
Total group liabilities	50,849	221	5,783	18	3,144	60,015
2021:						
Total liabilities for reportable segments	48,806	48	3,216	980	-	53,050
Unallocated:						
Deferred and current tax liabilities	-	-	-	-	3,309	3,309
Total group liabilities	48,806	48	3,216	980	3,309	56,359

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Financial information by operating segments (cont'd)

4E. Other material items and reconciliations

	IT products and services \$'000	Electronic signage services \$'000	Telephonic call centre and data management services \$'000	Investment \$'000	Total \$'000
Expenditure for non-current assets					
2022	1,354	-	317	-	1,671
2021	1,027	-	45	-	1,072

4F. Geographical information

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial assets. The Group's revenues and total non-current assets excluding other financial assets are generated from Singapore only.

4G. Information about major customers

There are no customers with revenue transactions of over 10% of the group's revenue.

5. Revenue

5A. Revenue classified by type of good or service

	Group	
	2022 \$'000	2021 \$'000
Electronic signage services		
- rendering of services	451	474
IT products and services		
- IT products and rendering of services	282,457	273,253
- Membership administration fees income (Note 25A)	3,001	3,206
- Rental income (Note 29)	2,704	2,712
Telephonic call centre and data management services		
- Rendering of call centre and data management services	1,246	1,950
- Warranty service income	1,542	1,566
Total revenue	291,401	283,161

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

5. Revenue (cont'd)

5B. Revenue classified by duration of contract

	Group	
	2022 \$'000	2021 \$'000
Short-term contracts	287,151	279,001
Long-term contracts	4,250	4,160
Total revenue	291,401	283,161

5C. Revenue classified by timing of revenue recognition

	Group	
	2022 \$'000	2021 \$'000
Point in time	287,151	279,001
Over time	4,250	4,160
Total revenue	291,401	283,161

The customers are commercial consumers, retailers, wholesalers and government agencies.

6. Other income and gains and (other losses)

	Group	
	2022 \$'000	2021 \$'000
Foreign exchange adjustment losses, net	(15)	(42)
Government grants	215	2,870
Interest income – fixed deposits	1,235	280
Interest income – debt assets instruments at FVTOCI	622	337
Inventories written off (Note 18)	(120)	-
Allowance for inventories obsolescence reversed/(charged) (Note 18)	37	(220)
Fair value (losses)/gains on investments at FVTPL (Note 17B)	(2,402)	812
(Losses)/gains on disposal of plant and equipment	(73)	87
Sundry income	383	445
Variable lease payments	(771)	(670)
Net	(889)	3,899
Presented in profit or loss as:		
Other income and gains	2,492	4,831
Other losses	(3,381)	(932)
Net	(889)	3,899

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

7. Employee benefits expense

	Group	
	2022 \$'000	2021 \$'000
Short term employee benefits expense	18,476	19,411
Contributions to defined contribution plans	2,609	2,491
Total employee benefits expense	21,085	21,902

8. Other expenses

The major components and other selected components include the following:

	Group	
	2022 \$'000	2021 \$'000
Cards surcharges	3,972	3,703
Interest expense on lease liabilities	744	807
Web expenses	754	660

9. Income tax

9A. Components of tax expense recognised in profit or loss

	Group	
	2022 \$'000	2021 \$'000
Current tax expense:		
Current income tax expense	2,952	3,321
Over adjustments in respect of prior periods	(74)	-
	2,878	3,321

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2021: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2022 \$'000	2021 \$'000
Profit before tax	12,299	21,117
Income tax expense at the above rate	2,091	3,590
Income not subject for tax purposes	(39)	(489)
Expenses not deductible for tax purposes	274	229
Unrecognised deferred tax assets	522	-
Over adjustments in respect of prior periods	(74)	-
Stepped income exemption	(21)	(17)
Others	125	8
Total income tax expense	2,878	3,321

There are no income tax consequences of dividends to owners of the company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

9. Income tax (cont'd)

9B. Deferred tax balance in the statements of financial position

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred tax liabilities:				
Excess of net book value of plant and equipment over tax values	(182)	(341)	(187)	(324)
Deferred tax assets:				
Deferred revenue	450	329	450	329
Tax losses	310	68	-	-
Unrecognised deferred tax assets	(595)	(73)	(263)	(5)
Total deferred tax assets	165	324	187	324
Net total of deferred tax liabilities	(17)	(17)	-	-

It is impracticable to estimate the amount expected to be settled or used within one year.

Deferred tax assets for the tax losses that have not been recognised for the above as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards is available as disclosed below subject to the conditions imposed by law including the retention of majority shareholders as defined.

	Tax losses		Tax effect of tax losses	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Years of expiry				
2022	-	7	-	1
2023	62	62	11	11
2024	85	85	14	14
2025	-	-	-	-
2026	117	117	20	20
2027	5	-	1	-
No expiry date	1,555	129	264	22
	1,824	400	310	68

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

10. Items in the consolidated statement of profit or loss and other comprehensive income

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2022 \$'000	2021 \$'000
Audit fees to independent auditor of the company	172	116
Audit fees to other independent auditors	31	3
Other fees to the independent auditor of the company	30	25
Other fees to the other independent auditors	8	1

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2022 \$'000	2021 \$'000
Numerators: Earnings attributable to equity holders	9,874	17,771
Denominators: Weighted average number of equity shares Basic and diluted	401,760	354,633

The weighted average number of ordinary shares refers to shares in circulation during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each period. There is no dilution of earnings per share as there are no dilutive potential ordinary shares outstanding as at the end of the reporting year.

12. Dividends on equity shares

	Rate per share – cents		Company	
	2022	2021	2022 \$'000	2021 \$'000
Final tax exempt (1-tier) dividend paid	2.80	2.70	11,249	9,321

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

12. Dividends on equity shares (cont'd)

The directors have proposed that a final dividend of 1.25 cents per share with a total of \$5,022,000 be paid to shareholders after the annual general meeting to be held on 26 April 2023. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

12A. Dividends paid to non-controlling interests

	Group	
	2022 \$'000	2021 \$'000
Final tax exempt (1-tier) dividend paid	–	240

13. Property, plant and equipment

<u>Group</u>	<u>Leasehold property \$'000</u>	<u>Renovations \$'000</u>	<u>Plant & equipment \$'000</u>	<u>Total \$'000</u>
<u>Cost:</u>				
At 1 January 2021	7,200	9,135	17,359	33,694
Additions	–	446	890	1,336
Disposals	–	–	(319)	(319)
At 31 December 2021	7,200	9,581	17,930	34,711
Additions	–	384	1,369	1,753
Disposals	–	(165)	(540)	(705)
At 31 December 2022	7,200	9,800	18,759	35,759
<u>Accumulated depreciation:</u>				
At 1 January 2021	3,324	8,229	15,454	27,007
Depreciation for the year	277	596	928	1,801
Disposals	–	–	(286)	(286)
At 31 December 2021	3,601	8,825	16,096	28,522
Depreciation for the year	276	479	1,069	1,824
Disposals	–	(160)	(442)	(602)
At 31 December 2022	3,877	9,144	16,723	29,744
<u>Carrying value:</u>				
At 1 January 2021	3,876	906	1,905	6,687
At 31 December 2021	3,599	756	1,834	6,189
At 31 December 2022	3,323	656	2,036	6,015

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

13. Property, plant and equipment (cont'd)

<u>Company</u>	<u>Leasehold property</u> \$'000	<u>Renovations</u> \$'000	<u>Plant & equipment</u> \$'000	<u>Total</u> \$'000
<u>Cost:</u>				
At 1 January 2021	7,200	8,931	16,501	32,632
Additions	-	400	890	1,290
Disposals	-	-	(319)	(319)
At 31 December 2021	7,200	9,331	17,072	33,603
Additions	-	370	544	914
Disposals	-	(160)	(227)	(387)
At 31 December 2022	7,200	9,541	17,389	34,130
<u>Accumulated depreciation:</u>				
At 1 January 2021	3,324	8,060	14,628	26,012
Depreciation for the year	277	543	902	1,722
Disposals	-	-	(286)	(286)
At 31 December 2021	3,601	8,603	15,244	27,448
Depreciation for the year	276	472	926	1,674
Disposals	-	(160)	(217)	(377)
At 31 December 2022	3,877	8,915	15,953	28,745
<u>Carrying value:</u>				
At 1 January 2021	3,876	871	1,873	6,620
At 31 December 2021	3,599	728	1,828	6,155
At 31 December 2022	3,323	626	1,436	5,385

Details of leasehold property:

<u>Description/Location</u>	<u>Tenure of land/ (Gross Floor Area)</u>	<u>Type of property/ last valuation date</u>
Singapore: 1 Ubi Link, Challenger Techub, Singapore 408553	Property: 30 years from 2004/ (2,500 square metres)	Industrial building/ Not revalued

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

14. Right-of-use assets

The right-of-use assets in the statement of financial position are as follows:

<u>Group</u>	<u>Retail outlets</u> <u>\$'000</u>	<u>Office space</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<u>Cost:</u>			
At 1 January 2021	49,087	485	49,572
Additions	11,689	–	11,689
At 31 December 2021	60,776	485	61,261
Additions	18,074	551	18,625
Lease modification	–	(34)	(34)
Disposals	(29,295)	(580)	(29,875)
At 31 December 2022	49,555	422	49,977
<u>Accumulated depreciation:</u>			
At 1 January 2021	21,798	314	22,112
Depreciation for the year	14,967	158	15,125
At 31 December 2021	36,765	472	37,237
Depreciation for the year	15,271	236	15,507
Disposals	(29,295)	(580)	(29,875)
At 31 December 2022	22,741	128	22,869
<u>Carrying value:</u>			
At 1 January 2021	27,289	171	27,460
At 31 December 2021	24,011	13	24,024
At 31 December 2022	26,814	294	27,108

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

14. Right-of-use assets (cont'd)

<u>Company</u>	<u>Retail outlets \$'000</u>
<u>Cost:</u>	
At 1 January 2021	49,087
Additions	11,689
At 31 December 2021	60,776
Additions	18,074
Disposals	(29,296)
At 31 December 2022	49,554
<u>Accumulated depreciation:</u>	
At 1 January 2021	21,798
Depreciation for the year	14,967
At 31 December 2021	36,765
Depreciation for the year	15,271
Disposals	(29,296)
At 31 December 2022	22,740
<u>Carrying value:</u>	
At 1 January 2021	27,289
At 31 December 2021	24,011
At 31 December 2022	26,814

The right-of-use assets are in relation to the group's leased retail outlets and office space.

There are restrictions or covenants imposed by the leases to sublet the leased assets to another party. The right-of-use asset can only be used by the lessee. Unless permitted by the owner, the lease prohibits from selling or pledging the underlying leased assets as security. Typically the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. For leases over properties the leases require those properties in a good state of repair and return the properties in their original condition at the end of the lease. Insurance and maintenance fees on right-of-use assets are usually required under the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

15. Investments in subsidiaries

	Company	
	2022 \$'000	2021 \$'000
Carrying value in the books of the company comprising:		
Unquoted equity shares at cost	9,238	9,238
Less: Allowance for impairment	(4,648)	(2,685)
	4,590	6,553
Movements of cost:		
Balance at beginning and end of the year	9,238	9,238
Movements in allowance for impairment:		
Balance at beginning of the year	2,685	3,206
Impairment loss charged to profit or loss included in other losses	1,978	23
Reversal of impairment loss to profit or loss	(15)	(544)
Balance at end of the year	4,648	2,685

The listing of and investment on the subsidiaries are given in Note 33.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

The decreasing performance of the subsidiary, Challenge Ventures Pte Ltd, was considered sufficient evidence to trigger the impairment test. The test resulted in the recognition of a loss of \$1,978,000 (2021: partial reversal of \$554,000).

The increasing performance of the subsidiary, CBD eVision Pte Ltd, was considered sufficient evidence to reverse the impairment loss. The test resulted in the partial reversal of \$15,000 (2021: recognition of a loss of \$23,000).

There are no subsidiaries that have non-controlling interests that are considered material to the group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

16. Investment in an associate

	Group and Company	
	2022	2021
	\$'000	\$'000
Carrying value:		
Unquoted equity shares at cost	-	311
Less: Allowance for impairment	-	(311)
	-	-
Movements of cost:		
Balance at beginning of the year	311	311
Write-off against impairment allowance	(311)	-
Balance at the end of the year	-	311
Movements of impairment allowance:		
Balance at beginning of the year	(311)	(311)
Write-off against costs	311	-
Balance at the end of the year	-	(311)

The associate held by the company is listed below:

Name of associate, country of incorporation, place of operations and principal activities	Percentage of equity held by group	
	2022	2021
	%	%
Challenger Infortech (Beijing) Co., Ltd People's Republic of China Struck - off	-	40

17. Other financial assets

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	453	338	453	338
Debt assets instruments at FVTOCI (Note 17A)	18,549	16,149	18,549	16,149
Equity instruments at FVTPL (Note 17B)	7,957	10,474	7,957	10,474
Equity instruments at FVTOCI (Note 17C)	843	468	-	-
	27,802	27,429	26,959	26,961

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Other financial assets (cont'd)

Other financial assets are presented in the statement of financial position as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Other financial assets, current	248	–	248	–
Other financial assets, non-current	27,554	27,429	26,711	26,961
	<u>27,802</u>	<u>27,429</u>	<u>26,959</u>	<u>26,961</u>

17A. Investments in debt assets instruments at FVTOCI

17A1. Movements in balances

	Group and Company	
	2022 \$'000	2021 \$'000
Fair value at beginning of the year	16,149	5,987
Additions	4,759	10,331
Disposals	(1,000)	–
Decrease in fair value	(1,359)	(169)
Fair value at end of the year	<u>18,549</u>	<u>16,149</u>

17A2. Disclosures relating to investments in debt assets instruments at FVTOCI

The information gives a summary of the significant sector concentrations within the investment portfolio.

	Level	Group and Company	
		2022 \$'000	2021 \$'000
<u>Corporate bonds in Singapore</u>			
Quasi-sovereign	1	248	258
Banking industry	2	6,543	3,392
Food and beverage	2	482	–
Heavy construction industry	2	1,099	1,228
Management consultancy industry	2	846	998
Real estate industry	2	8,619	9,003
Transport and logistics industry	2	236	760
Travel and lodging industry	2	476	510
Total		<u>18,549</u>	<u>16,149</u>

The rate of interest for the interest earning bonds ranged between 2.45% to 8.30% (2021: 2.45% to 5.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Other financial assets (cont'd)

17A. Investments in debt assets instruments at FVTOCI (cont'd)

17A2. Disclosures relating to investments in debt asset instruments at FVTOCI (cont'd)

A summary of the maturity dates of the quoted corporate bonds at the end of the reporting year is as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
Perpetual corporate bonds	11,946	11,099
Within 1 year	248	-
Within 2 to 3 years	725	1,271
After 3 years	5,630	3,779
	18,549	16,149

The perpetual corporate bonds have no maturity date.

17A3. Fair value measurements (level 2) recognised in the statement of financial position

Financial instruments traded in over-the-counter market include corporate bonds that are valued based on broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.

17A4. Sensitivity analysis for price risk

There are investments in quoted corporate bonds or similar instruments. Such investments are exposed to market price risk arising from uncertainties about future values of the investment securities.

Sensitivity analysis: The effect is as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
A hypothetical 10% increase in the market index of quoted corporate bonds would have an effect on pre-tax profit of	25	26
A hypothetical 10% increase in the over-the-counter price of quoted corporate bonds would have an effect on pre-tax profit of	1,830	1,589

For similar price decreases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Other financial assets (cont'd)

17A. Investments in debt assets instruments at FVTOCI (cont'd)

17A5. Credit rating of the debt assets instruments at FVTOCI

The debt assets instruments carried at FVTOCI are subject to the expected credit loss model under the standard on financial instruments. The debt investments at FVTOCI are considered to have low credit risk, and the loss allowance recognised during the reporting year is limited to 12 months expected losses. Quoted bonds are regarded as of low credit risk if they have an investment grade credit rating with one or more reputable rating agencies. Other bonds are regarded as of low credit risk if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

Ratings of investments in debt assets instruments at FVTOCI:

	Group and Company	
	2022	2021
	\$'000	\$'000
Balances with investment grade credit rating with one or more reputable rating agencies	9,627	7,619
Not rated	8,922	8,530
Total	<u>18,549</u>	<u>16,149</u>

17B. Equity instruments at FVTPL

17B1. Movements in balances

	Group and Company	
	2022	2021
	\$'000	\$'000
Fair value at beginning of the year	10,474	-
Additions	-	9,662
Transfer to cash and cash equivalents	(115)	-
(Decrease)/Increase in FVTPL under (other losses)/other gains (Note 6)	(2,402)	812
Fair value at end of the year	<u>7,957</u>	<u>10,474</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Other financial assets (cont'd)

17B. Equity instruments at FVTPL (cont'd)

17B2. Disclosures relating to equity instruments at FVTPL

The information gives a summary of the significant country concentrations within the investment portfolio.

	Level	Group and Company			
		2022 \$'000	2021 \$'000	2022 %	2021 %
<u>Quoted equity securities</u>					
North America	1	4,821	7,205	60.6	68.8
Asia	1	727	403	9.1	3.8
Europe	1	1,547	2,196	19.4	21.0
East Asia	1	452	468	5.7	4.5
South East Asia	1	410	202	5.2	1.9
Total		7,957	10,474	100.0	100.0

17B3. Sensitivity analysis for price risk

There are investments in equity shares or similar instruments. Such investments are exposed to market price risk arising from uncertainties about future values of the investment securities.

Sensitivity analysis: The effect is as follows:

	Group and Company	
	2022 \$'000	2021 \$'000
A hypothetical 10% increase in the market index of quoted equity securities would have an effect on pre-tax profit of	796	1,047

For similar price decreases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

This figure does not reflect the currency risk, which has been considered in the foreign currency risks analysis section only. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Other financial assets (cont'd)

17C. Equity instruments at FVTOCI

17C1. Movements in balances

	Group	
	2022 \$'000	2021 \$'000
Fair value at beginning of the year	468	309
Increase in fair value through other comprehensive income	375	159
Fair value at end of the year	843	468

17C2. Disclosures relating to equity instruments at FVTOCI

The information gives a summary of the significant sector concentrations within the investment portfolio:

	Level	Group	
		2022 \$'000	2021 \$'000
<u>Unquoted equity shares:</u>			
Logistics: Singapore	3	24	24
Information technology: Singapore	3	819	444
Total		843	468

17C3. Fair value measurement (level 3) recognised in the statement of financial position

The quantitative information about the measurement using significant unobservable inputs for the fair value are consistent with those used for the measurement last performed and is analysed as follows:

Sector concentrations	Valuation technique	Unobservable inputs	Range of inputs Group	
			2022	2021
Logistics: Singapore	Option pricing model	Historical volatility of comparable companies' share price	86.2% – 114.4%	86.2% – 114.4%
Information technology: Singapore	Net assets value approach	Historical volatility of comparable companies' share price	51 – 76%	51%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Other financial assets (cont'd)

17C. Equity instruments at FVTOCI (cont'd)

17C4. Sensitivity analysis for price risk of equity instruments at FVTOCI

There are investments in equity shares or similar instruments. Such investments are exposed to market price risk arising from uncertainties about future values of the investment securities. Sensitivity analysis: The effect is as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
A hypothetical 10% increase in the market index that relates to unquoted equity shares at FVTOCI would have an effect on fair value of	84	47

For similar price decreases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

18. Inventories

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Goods in transit	–	818	–	818
Goods for resale	32,662	34,945	32,685	34,944
	<u>32,662</u>	<u>35,763</u>	<u>32,685</u>	<u>35,762</u>
Inventories are stated after allowance. Movements in allowance:				
Balance at beginning of the year	244	24	244	24
(Reversed)/Charged to profit or loss included in other gains/(losses) (Note 6)	(37)	220	(37)	220
Used	4	–	4	–
	<u>211</u>	<u>244</u>	<u>211</u>	<u>244</u>
Balance at end of the year				
Write-downs of inventories charged to profit or loss included in other losses (Note 6)	120	–	63	–

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

19. Trade and other receivables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables:				
Subsidiaries	-	-	1,071	732
Outside parties:				
- Corporate customers	2,189	1,053	1,713	240
- Nets and credit cards	1,562	983	1,557	983
Trade receivables – subtotal	3,751	2,036	4,341	1,955
Other receivables:				
Subsidiaries (Note 3C)	-	-	2,782	2,283
Less allowance for impairment	-	-	(2,261)	(2,283)
Other receivables	1,463	1,849	800	506
Net other receivables – subtotal	1,463	1,849	1,321	506
Total trade and other receivables	5,214	3,885	5,662	2,461
Movements in above allowance:				
Balance at beginning of the year	-	-	2,283	2,354
Reversal to profit or loss included under other gains	-	-	(22)	(71)
Balance at end of the year	-	-	2,261	2,283

Trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. No loss allowance is deemed necessary for the group and company.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2021: 30 to 60 days). But some customers take a longer period to settle the amounts. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

19. Trade and other receivables (cont'd)

- (a) Ageing analysis of the trade receivables amounts as at the end of the reporting year which were not impaired:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables:				
Current	2,607	1,515	2,764	1,039
1 to 30 days	822	253	1,076	81
31 to 60 days	120	103	107	5
Over 60 days	202	165	394	830
Total	3,751	2,036	4,341	1,955

- (b) As at the end of the reporting year there were no amounts that were impaired.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

Concentration of trade receivable customers as at the end of the reporting year:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Top 1 customer	1,310	361	1,310	48
Top 2 customers	1,381	380	2,381	75
Top 3 customers	1,443	364	2,452	99

Other receivables are normally with no fixed terms and therefore there is no maturity.

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balance of \$2,261,000 (2021: \$2,283,000) is recognised at company level.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

20. Other assets

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits to secure services	4,855	4,423	4,781	4,341
Prepayments	225	167	154	155
	5,080	4,590	4,935	4,496

21. Cash and cash equivalents

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not restricted in use	115,663	116,784	109,256	110,567
Interest earning balances	101,663	73,735	99,655	73,735

The rates of interest for the cash on interest earning balances ranged between 1.15% and 4.50% (2021: 0.10% and 0.96%) per annum.

21A. Non-cash transactions

Included in additions to plant and equipment is an amount of \$82,000 (2021: \$264,000) being provision for restoration costs capitalised (Note 26).

21B. Reconciliation of liabilities arising from financing activities

Group	2021 \$	Cash flows \$	Non-cash Changes \$	2022 \$
Lease liabilities	24,717	(15,500)	18,591 ^(a)	27,808

	2020 \$	Cash flows \$	Non-cash Changes \$	2021 \$
Lease liabilities	27,922	(14,894)	11,689 ^(a)	24,717

(a) Addition of lease liabilities of \$18,625,000 (2021: \$11,689,000) net of lease modification of \$34,000 (2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

22. Share capital

	Group and Company Number of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
Balance at 1 January 2021	345,208	18,775
Issue of shares	56,552	32,800
Balance as at 31 December 2021 and 31 December 2022	401,760	51,575

During the previous reporting year, 56,551,724 ordinary shares were issued for cash totalling \$32,800,000. Proceeds from the issuance of shares were intended for strategic investments, and product and business development.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

In order to maintain its listing on the Singapore Exchange the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

Capital management:

The objectives when managing capital are: to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The group and the company do not have any external borrowings. The debt-to-adjusted capital ratio therefore does not provide a meaningful indicator of the risk of borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

23. Other reserves

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Foreign currency translation reserve (Note 23A)	(192)	(228)	-	-
Equity instruments at FVTOCI reserve (Note 23B)	534	159	-	-
Debt assets instruments at FVTOCI reserve (Note 23C)	(1,327)	32	(1,327)	32
	<u>(985)</u>	<u>(37)</u>	<u>(1,327)</u>	<u>32</u>

All the reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

23A. Foreign currency translation reserve

	Group	
	2022 \$'000	2021 \$'000
At beginning of the year	(228)	(184)
Exchange differences on translating foreign operations	36	(44)
At end of the year	<u>(192)</u>	<u>(228)</u>

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities that are denominated in currencies other than the presentation currency of the consolidated financial statements.

23B. Equity instruments at FVTOCI reserve

	Group	
	2022 \$'000	2021 \$'000
At beginning of the year	159	-
Fair value gains on equity instruments	375	159
At end of the year	<u>534</u>	<u>159</u>

The equity instruments at FVTOCI reserve arises from the remeasurement of the unquoted equity instruments at the end of the reporting year. It is not distributable unless realised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

23. Other reserve (cont'd)

23C. Debt assets instruments at FVTOCI reserve

	Group and Company	
	2022	2021
	\$'000	\$'000
At beginning of the year	32	201
Fair value losses on debt assets instruments	(1,359)	(169)
At end of the year	(1,327)	32

The debt assets instruments at FVTOCI reserve arises from the annual remeasurement of the debt assets instruments at the end of the reporting year. It is not distributable until it is released to the profit or loss upon the disposal of the investments.

24. Financial liabilities – lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Lease liabilities, current	12,770	13,165	12,610	13,149
Lease liabilities, non-current	15,038	11,552	14,860	11,552
	27,808	24,717	27,470	24,701

The leases are in relation to the group's leased retail outlets and office space. These leases are secured by the right-of-use assets because these will revert to the lessor in the event of default. The right-of-use assets are disclosed in Note 14.

The lease liabilities above do not include the short-term leases of less than 12 months and leases of low-value underlying assets.

Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liabilities and the right-of-use assets. Only variable lease payments that depend on an index or a rate; payments that vary to reflect changes in market rental rates are included in the measurement of the lease liability. Such variable amounts that are unpaid at the commencement date are included in the measurement of lease liability. Variable lease payments would also include extension options and termination options; residual value guarantees; and leases not yet commenced to which the lessee is committed. The variable lease payments based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs (Note 6).

The incremental borrowing rate applied to lease liabilities recognised is 3% (2021: 3%) per year.

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is disclosed in Note 30E.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

24. Financial liabilities – lease liabilities (cont'd)

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

The future cash outflows commitments to which the group is potentially exposed are not reflected in the measurements of lease liabilities above. This arise from leases not yet commenced to which the lessee is committed. At the reporting year end date, total commitments on leases that had not yet commenced were as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Retail outlets	3,409	–	3,409	–

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Expense relating to variable lease payments not included in lease liabilities but included in other losses	771	670	724	587

25. Other liabilities

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Non-current:</u>				
Membership administration fees (Note 25A)	1,209	724	1,209	724
Star Shield warranty (Note 25B)	3,166	2,363	–	–
Deferred government grant (Note 25D)	69	–	–	–
Total non-current other liabilities	4,444	3,087	1,209	724
<u>Current:</u>				
Membership administration fees (Note 25A)	2,228	1,815	2,228	1,815
Star Shield warranty (Note 25B)	1,816	1,249	–	–
Membership programme (Note 25C)	2,649	1,936	2,649	1,936
Deferred government grant (Note 25D)	19	–	–	–
Customer vouchers	134	133	134	133
Total current other liabilities	6,846	5,133	5,011	3,884

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

25. Other liabilities (cont'd)

25A. Membership administration fees

The group operates the ValueClub membership programme, where membership administration fees are received from members at the start of the membership scheme for a period of 8 months, 18 months (ceased in August 2021) or 28 months (2021: 8 months, 18 months or 28 months).

	Group and Company	
	2022	2021
	\$'000	\$'000
Balance at beginning of the year	2,539	2,818
Membership administration fees received	3,899	2,927
Revenue recognised on a time-proportion basis (Note 5)	(3,001)	(3,206)
Balance at end of the year	<u>3,437</u>	<u>2,539</u>
Presented in the statements of financial position:		
Non-current	1,209	724
Current	<u>2,228</u>	<u>1,815</u>
Total	<u>3,437</u>	<u>2,539</u>

25B. Star Shield warranty

The group operates the Star Shield Warranty Scheme, where extended warranties protection can be purchased from the group. The extended warranties may cover up to a period of 1, 2 or 3 years after expiry of the manufacturer's standard warranty period. The warranty is accounted as a performance obligation and recognised as revenue over the period the warranty services are provided.

	Group	
	2022	2021
	\$'000	\$'000
Balance at beginning of the year	3,612	2,405
Cash received	2,353	2,161
Revenue recognised on a time-proportion basis	(983)	(954)
Balance at end of the year	<u>4,982</u>	<u>3,612</u>
Presented in the statement of financial position as:		
Non-current	3,166	2,363
Current	<u>1,816</u>	<u>1,249</u>
Total	<u>4,982</u>	<u>3,612</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

25. Other liabilities (cont'd)

25C. Membership programme

The group operates the ValueClub membership programme, where members can earn up to 2% rebates when purchasing most products. Rebates accumulated can be used to redeem specific products at specific retail locations, or to offset transactions during the next purchase. The group recognises revenue for the rebates redeemed and recognises a contract liability for the unredeemed rebates at the end of the first reporting period. The estimate of the rebates that will be redeemed is updated periodically. The contract liability is recognised until the rebates are redeemed or expire.

	Group and Company	
	2022	2021
	\$'000	\$'000
Balance at beginning of the year	1,936	1,589
Revenue deferred in respect of award credits earned	3,858	3,438
Revenue recognised on discharge of obligations for award credits	(3,145)	(3,091)
Balance at end of the year	<u>2,649</u>	<u>1,936</u>

25D. Deferred government grant

	Group	
	2022	2021
	\$'000	\$'000
Balance at beginning of the year	-	-
Cash received	98	-
Revenue recognised on a time proportion basis	(10)	-
Balance at end of the year	<u>88</u>	<u>-</u>
Presented in the statement of financial position as:		
Non-current	69	-
Current	19	-
Total	<u>88</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

26. Provisions

	Group and Company	
	2022	2021
	\$'000	\$'000
Provision for restoration costs:		
Balance at beginning of the year	2,388	2,124
Additions – included in property, plant and equipment	82	264
Utilisation	(55)	–
Balance at end of the year	2,415	2,388

The provision is for dismantling and removing the items and restoring the outlet premises. The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased outlets and properties. The estimate is based on quotations from external contractors. The unwinding of discount is not significant.

27. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade payables:				
Outside parties and accrued liabilities	11,633	14,670	11,591	14,225
Trade payables – subtotal	11,633	14,670	11,591	14,225
Other payables:				
Advances paid	408	361	83	164
Deposits received	3	136	3	136
Other payables	3,314	2,558	3,199	2,585
Subsidiary (Note 3C)	–	–	1,585	2,585
Other payables – subtotal	3,725	3,055	4,870	5,470
Total trade and other payables	15,358	17,725	16,461	19,695

28. Contingent liabilities

	Company	
	2022	2021
	\$'000	\$'000
Undertaking to support a subsidiary in deficit	1,915	1,920

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

29. Operating lease income commitments – as lessor

Operating lease income is for rental receivable from product and branding display at certain retail outlets. The lease to the tenant is on a yearly basis.

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
Not later than one year	44	111
Rental income for the year (Note 5)	2,704	2,712

30. Financial instruments: information on financial risks

30A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets				
at amortised cost	126,185	125,430	120,152	117,707
Financial assets that are debt				
assets instruments at FVTOCI	18,549	16,149	18,549	16,149
Financial assets that are equity				
investments at FVTOCI	843	468	-	-
Financial assets that are equity				
investments at FVTPL	7,957	10,474	7,957	10,474
At end of the year	153,534	152,521	146,658	144,330
<u>Financial liabilities:</u>				
Financial liabilities				
at amortised cost	42,758	42,081	43,848	44,232

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

30. Financial instruments: information on financial risks (cont'd)

30B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

30C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

30. Financial instruments: information on financial risks (cont'd)

30D. Credit risk on financial assets

Financial assets are principally from cash balances with banks, cash equivalents, receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances and any other financial instruments with banks and other financial institutions is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the ECL allowance. Under this general approach the financial assets move through the three stages as their credit quality change. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, for trade receivables that do not contain a significant financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a significant financing component, the group applies the simplified approach in calculating ECL as is permitted by the financial reporting standard on financial instruments. Under the simplified approach, the reporting entity does not track changes in credit risk, but instead recognises the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life at each reporting date. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

30E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2021: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

30. Financial instruments: information on financial risks (cont'd)

30E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

<u>Group</u>	Less than 1 year \$	1 – 3 years \$	3 – 5 years \$	Total \$
<u>2022:</u>				
Gross lease liabilities	13,418	14,672	768	28,858
Trade and other payables	14,950	-	-	14,950
At end of the year	28,368	14,672	768	43,808
<u>2021:</u>				
Gross lease liabilities	13,694	11,148	735	25,577
Trade and other payables	17,364	-	-	17,364
At end of the year	31,058	11,148	735	42,941
<u>Company</u>				
<u>2022:</u>				
Gross lease liabilities	13,250	14,488	768	28,506
Trade and other payables	16,378	-	-	16,378
At end of the year	29,628	14,488	768	44,884
<u>2021:</u>				
Gross lease liabilities	13,531	11,148	735	25,414
Trade and other payables	19,531	-	-	19,531
At end of the year	33,062	11,148	735	44,945

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

30. Financial instruments: information on financial risks (cont'd)

30F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets with interests:				
Fixed rates	120,212	89,884	118,204	89,884
Financial liabilities with interests:				
Fixed rates	27,808	24,717	27,470	24,701

The group and the company are not exposed to significant interest rate risk.

30G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in major non-functional currencies:

	Group		Company	
	United States Dollar 2022 \$'000	United States Dollar 2021 \$'000	United States Dollar 2022 \$'000	United States Dollar 2021 \$'000
Financial assets:				
Investments at FVTPL	7,957	10,474	7,957	10,474
Cash	632	354	621	341
Net financial assets at end of the year	8,589	10,828	8,578	10,815

There is exposure to foreign currency risk as part of its normal business.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

30. Financial instruments: information on financial risks (cont'd)

30G. Foreign currency risks (cont'd)

Sensitivity analysis

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US\$ with all other variables held constant would have an unfavourable effect on pre-tax profit of	859	1,082	858	1,082

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

30H. Equity price risk

There are investments in quoted debt assets instruments, quoted and unquoted equity instruments. Such investments are exposed to market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets and sensitivity analysis are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

31. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the group are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments
SFRS (I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)
Various	Annual Improvements to SFRS (I)s 2018-2020 – Amendments to SFRS(I) 1 First-time Adoption of SFRS(I); IFRS 9 Financial Instruments; SFRS(I) 16 Leases, and; SFRS(I) 1-41 Agriculture

32. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the group for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity’s financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Disclosure of Accounting Policies – Amendments to SFRS (I) 1-1 and SRS (I) Practice Statement 2 Making Materiality Judgements	1 Jan 2023
SFRS (I) 1-8	Definition of Accounting Estimates – Amendments	1 Jan 2023
SFRS(I) 1-12 SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments	1 Jan 2023
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2024

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. Listing of and information on subsidiaries

The subsidiaries held by the company and its subsidiaries are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of the group		Effective percentage of equity held	
	2022 \$'000	2021 \$'000	2022 %	2021 %
CBD eVision Pte Ltd ^(a) Singapore Electronic signage business	1,500	1,500	100	100
Challenger Holding (HK) Private Limited ^(b) Hong Kong Investment holding (Yin Wing Ho & Co.)	238	238	100	100
Challenge Ventures Pte. Ltd. ^(a) Singapore Other investment holding company and asset or portfolio management	7,500	7,500	100	100
	<u>9,238</u>	<u>9,238</u>		
<u>Held through Challenger Holding (HK) Private Limited</u>				
Valore (Shenzhen) Private Limited ^(b) People's Republic of China Procurement of IT products (Shenzhen Hua Long Certified Public Accountants)			100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Effective percentage of equity held	
	2022	2021
	%	%
<u>Held through Challenge Ventures Pte. Ltd.</u>		
ChuGo Pte Ltd ^(a) Singapore Software development	100	100
Hachi.Tech Pte Ltd ^(a) Singapore Dormant	100	100
Incall Systems Pte. Ltd. ^(a) Singapore Telephonic call centre and data management services	70	70
ITEZ.SG Pte Ltd ^(a) Singapore Rental of equipment	100	100
Kingdom Technologies Pte Ltd ^(a) Singapore Manufacture and retail of computer and office equipment	100	100

a. Audited by RSM Chio Lim LLP, a member of RSM International.

b. Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

APPENDIX E: VALUATION REPORT



Our Ref : 23/VP240343/CL/ZC/CB

Date : 22 June 2023

Challenger Technologies Limited

1 Ubi Link

Challenger TechHub

Singapore 408553

VALUATION OF 1 UBI LINK CHALLENGER TECHUB SINGAPORE 408553

Date of Request : 09 June 2023

1. Purpose of Valuation : To determine the market value of the subject property

2. Date of Inspection : 12 June 2023

3. Property Details

Type of Property : A 4-storey detached factory

Year of Completion : Circa 2004

Condition : Above average

Occupancy Details : Owner-occupied

Orientation : Main entrance faces north-east

Remarks : Nil

4. Title & Tenure

Legal Description : MK23-6304V

Land Area : 2,499.7 sq.m. / 26,907 sq.ft.

Tenure : Leasehold 30 years commencing from 01 July 2004

Registered Lessor : JTC Corporation

Registered Lessee(s) : Challenger Technologies Limited

Comments : No title searches have been conducted for the subject property. We recommend that all legal encumbrances be confirmed through your solicitors.



Cert No: SG08/01936 & SG17/81083
Co Reg No: 197301070H
Estate Agent Licence No. L3004325E

CKS PROPERTY CONSULTANTS PTE LTD (Part of PhillipCapital Group)

1 Sims Lane #07-01 One Sims Lane Singapore 387355
Tel: (65) 6533 0220 Fax: (65) 6533 5103 website: www.cks.com.sg

APPENDIX E: VALUATION REPORT

5. Town Planning

Master Plan (2019) Zoning : Business 1 with gross plot ratio of 2.5

6. Location

The subject property is located along Ubi Link, off Ubi Avenue 3 and Ubi Avenue 4.

The immediate vicinity comprises mainly industrial buildings and HDB residential estates. Prominent developments in the vicinity include Oxley Bizhub, Oxley Bizhub 2, Kampong Ubi Industrial Estate, UB. One, Zervex and Vertex, amongst others.

Retail facilities, dining establishments and other amenities are available within the vicinity.

Public transportation is available along Eunos Link, Ubi Avenue 3, Paya Lebar Road and Airport Road. Access to other parts of the island is enhanced via proximity to Pan-Island Expressway (PIE) and Kallang-Paya Lebar Expressway (KPE). The Ubi MRT Station, Tai Seng MRT Station and MacPherson MRT Station are located nearby.

7. Subject Property

Land Shape	: Generally rectangular in shape with a small splay corner
Contour	: Generally flat
Gross Floor Area	: 4,994.18 sq.m. / 53,757 sq.ft. approximately (based on information provided on the architectural plans and subject to final survey)
Construction	: The building is constructed of reinforced concrete structure, plastered brick infill walls with glass/aluminium claddings and reinforced concrete flat roof/metal roof.
Improvements	: Tarmacadam driveway / brickwall/chainlinked fencing complete with metal main entrance gate/side gate / surfaced car park / goods lift / passenger lift / loading/unloading bays
Authorised Use	: For the purpose of assembly, testing, servicing of computers, peripheral and electronic signage only
Land Rent	: As at 01 June 2023, the monthly land rent payable is S\$14,760.
Property Tax	: S\$85,100 for the year of assessment 2023

APPENDIX E: VALUATION REPORT

8. Accommodation, Finishes & Fittings

Accommodation across the 4 storeys in the building : Lobby, office space, storage and warehousing space, production area, male and female toilets, pantry, and staff recreation area

Finishes

Floors : Granite / homogeneous / ceramic / carpet / vinyl / epoxy / cement screed generally

Walls : Ceramic / glass panels / wall paper / drywall partitions / plaster and paint generally

Ceiling : False ceiling / ceiling boards / recessed lights / downlights / insulation sheets / plaster and paint generally

Fittings : Centralised/cassette-unit/split-unit air-conditioners / wall fans / cabinets / reception counter / mirror panels / shelves / desks / wall dividers / high and low level pantry cabinets with sink / vanity tops / surveillance cameras / roller shutters generally

9. Method of Valuation

The Market Comparison Method of Valuation is adopted in formulating our opinion on the market value of the subject property.

In adopting this approach, we have taken into cognizance transactions of comparable properties, the prevailing market condition and underlying economic factors such as location, tenure, age, condition, design and size which may be of influence to the trend of the market prices.

10. Limiting Conditions

This report is subject to the limiting conditions enclosed.

We hereby certify that we have neither present nor prospective interest in the property appraised, or in the values reported.

APPENDIX E: VALUATION REPORT

Page 4

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1 UBI LINK CHALLENGER TECHUB

11. Opinion of Value(s) as at 12 June 2023
For 1 UBI LINK CHALLENGER TECHUB SINGAPORE 408553

Market Value : S\$8,500,000
(Singapore Dollars Eight Million Five Hundred Thousand Only)



Li Peishi Christine, Licensed Appraiser
Appraiser's Licence No: AD041-2009869J
B.Sc (Real Estate)
For and On Behalf of CKS Property Consultants Pte Ltd
Inspecting Valuer: Zender Chai Wen Loong

APPENDIX E: VALUATION REPORT

PHOTOGRAPHS



Subject Property



Reception Area



Partitioned Office Room



Conference Room

APPENDIX E: VALUATION REPORT

PHOTOGRAPHS



Storage Area



Storage Area



Gymnasium



Pantry

APPENDIX E: VALUATION REPORT

LOCATION PLAN



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SITE PLAN



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CKS PROPERTY CONSULTANTS PTE LTD

LIMITING CONDITIONS

This valuation report is subject to the following limiting conditions:-

1. Our valuation is prepared in accordance with the international definition of "Market Value", namely:
"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".
In adopting this definition of Market Value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institute of Chartered Surveyors (RICS) and the Singapore Institute of Surveyors and Valuers (SISV).
No allowances are made for any expenses or taxation which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages, encumbrances, and other outstanding premiums, charges and liabilities.
Our valuation further assumes that all development charges and maintenance/service/conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
2. Our responsibility in connection with this valuation report is limited to our client or person to whom this report is addressed and to that client only. We disclaim all responsibility and accept no liability to any other person(s) or party should this report be used by any such person(s) or party or for any purposes.
3. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor published in any way without our prior written approval of the form and context in which it may appear.
4. Where it is stated in this report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so.
5. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment as they may prove inappropriate if so used.
6. No structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects. We have also not made any tests on the building services (e.g. air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc) and these services are presumed to be in good working order.
7. Our valuation assumes that the title(s) is(are) in good order and marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s).
8. Any plans that are included in this report are meant for identification purposes and to assist the client in visualizing the subject property. The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any cadastral survey of the property and assumed no responsibility in connection in such matters.
9. We have not made any requisition for the Road Line Plan or for drainage proposal. We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client.
10. As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazetted for acquisition.
11. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
12. We shall not be required to give testimony before a tribunal such as the Valuation Review Board or to appear as an expert witness in Court by reason of this valuation report or with reference to the subject property unless specific arrangements have been made thereof and we be properly reimbursed.