



ANNUAL REPORT 2022

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CHIEF EXECUTIVE'S MESSAGE



As we moved away from the COVID-19 pandemic and lifting of restrictions into a new phase of retail operations in FY2022, the Group revenue increased by 3% to \$291.4 million due to an increase in retail and corporate sales.



DEAR FELLOW STAKEHOLDERS,

FY2022 has been another challenging year for all of us as we moved away from the COVID-19 pandemic and lifting of restrictions into a new phase of retail operations. Group revenue increased by 3% to \$291.4 million due to an increase in retail and corporate sales. This was offset by a decrease in online sales as consumers resumed shopping physically at our retail stores.

We will continue expanding our retail stores at viable locations and will open two new outlets in the first quarter of 2023. To date, we have a total of 45 stores; 3 of these are Challenger PIT stores and another 15 are Challenger Mobile stores. The rest are operating under the Challenger brand.

Net profit for the full year decreased by 47% to \$9.4 million, due to the lower receipt of government grants, lower gross profit, fair value loss on investments and higher operating expenses. In view of the escalating costs of business operations, we are likely to continue to face a challenging operating environment in 2023.

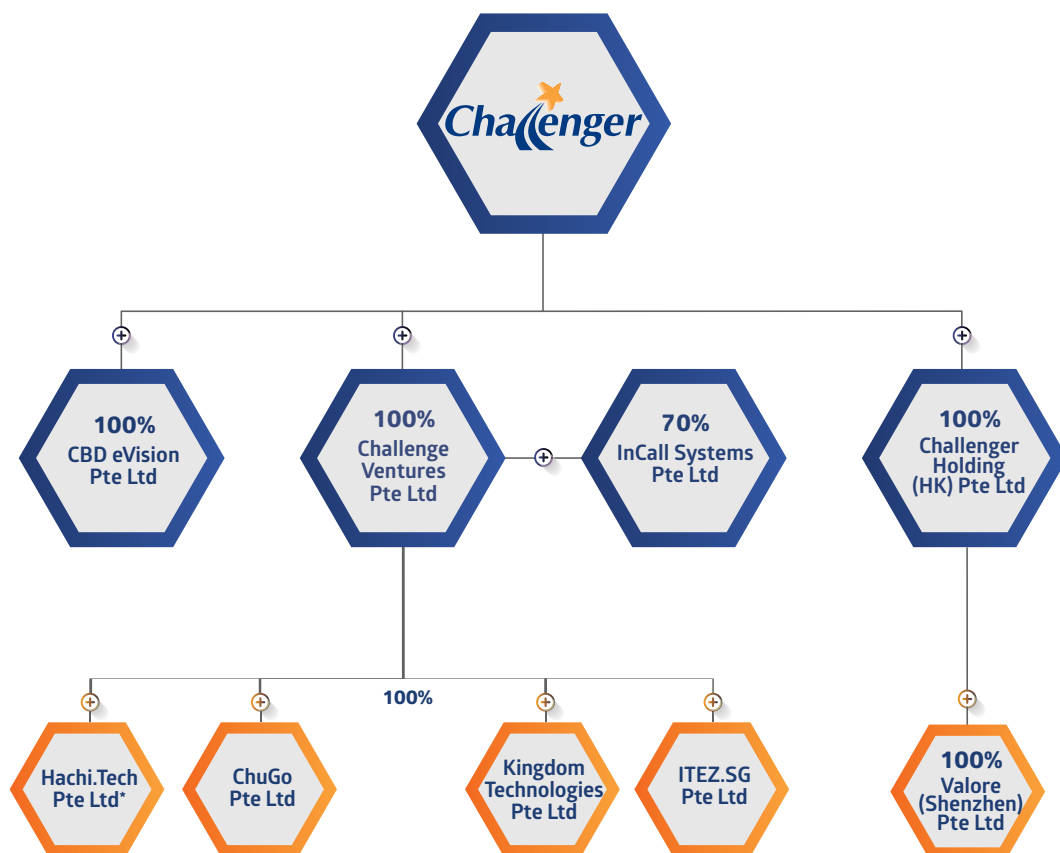
We had incorporated a few subsidiaries under our wholly-owned Challenge Ventures Pte Ltd in 2021 and some of these subsidiaries turned operational. ITEZ.SG Pte Ltd is a subscription-based online platform offering IT equipment rental at affordable rates. ChuGo Pte Ltd has a mobile application platform called "LexisCard" for sharing and storing name cards digitally. These subsidiaries are in their early stage of development.

A final tax-exempt one-tier dividend of 1.25 Singapore cents per ordinary share has been proposed, subject to shareholders' approval during the upcoming Annual General Meeting. The FY2022 proposed dividend payout amount represents over 50% of the Group's net profit.

I would like to thank my fellow directors, management team and all employees for their hard work and commitment to the Company. In addition, I appreciate the unwavering support rendered to us by shareholders, as well as business partners for their strategic cooperation with various businesses within the Group.

MR LOO LEONG THYE

GROUP STRUCTURE



* Dormant Company

BOARD OF DIRECTORS

MR MAX NG CHEE WENG

Non-Executive Independent Chairman

Mr Ng was appointed as the Non-Executive Independent Chairman of the Board on 10 February 2022. He is the Managing Director of Gateway Law Corporation, a regional intellectual property and commercial law practice, with its main office in Singapore. He specialises in intellectual property, fintech, data protection and privacy laws, and commercial disputes. He is also a Fellow with the Singapore Institute of Arbitrators and the Asian Institute of Alternative Dispute Resolution, and sits on the panel of arbitrators and mediators of the Singapore International Arbitration Centre, the Asian International Arbitration Centre, and the Singapore Mediation Centre. He is also a Commissioner for Oaths and a Notary Public, and a member of the Singapore Institute of Directors. He is also listed as a leading lawyer in numerous publications such as Chambers Asia-Pacific and the Legal 500.

MR LOO LEONG THYE

Executive Director and Chief Executive Officer

Mr Loo is responsible for the overall management of our Group. He also charts our corporate directions, strategies and policies. He grew the business operations of our Group in 1982 from a sole proprietorship to its present scale. In 2011, he received the Best Chief Executive Officer Award (listed companies with less than \$300 million in market capitalisation) from Singapore Corporate Awards, organised by The Business Times and supported by the Singapore Exchange. He holds a Graduate Diploma in Marketing Management and Diploma in Management Studies from the Singapore Institute of Management. He also holds an Industrial Technician Certificate from the Singapore Polytechnic and Full Technological Certificate from the City & Guilds of London Institute.

MR TAN HAN BENG

Lead Independent Director

Mr Tan is a Chartered Accountant (Singapore) with more than 20 years of professional financial experience. He is currently a Senior Vice President, Corporate Finance at UOB Kay Hian Pte Ltd. He is a Registered Professional licensed by the Singapore Exchange and also holds a Capital Markets Financial Advisory Services license issued by the Monetary Authority of Singapore. He was previously also with a Big Four accounting firm where he performed and led numerous financial, internal and special audit engagements.

MR TAN WEE KO

Executive Director and Chief Financial Officer

Mr Tan joined the Group in May 2005 and was appointed as an Executive Director on 30 April 2013. He oversees human resources, business development, accounting, financial and funding requirements of the Group. He is a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants and a Fellow Certified Practising Accountant with the CPA Australia. He has a Master of Business Administration from the University of Adelaide and a Bachelor degree in Accountancy from the Nanyang Technological University.

BOARD OF DIRECTORS

MS TAN CHAY BOON

Independent Director

Ms Tan has more than 30 years of working experience in the IT and fast-moving consumer goods industries covering Singapore, Asia Pacific and global regions. She had held several senior positions in multinational corporations including Managing Director at SAP Asia Pte Ltd and Vice President for Enterprise Group (South East Asia) at Hewlett Packard. In her 21-year tenure with Hewlett Packard, she was involved in several management roles in charge of consumer, small medium business and enterprise segments. Currently, she provides consulting on a part time basis. She has a Master of Business Administration from University of Dubuque, Iowa. She also holds a Bachelor degree with a dual major in logistics/Transportation and International Business, and a minor in Industrial Psychology from Ohio State University, Ohio.

MR KEITH TAN KENG SOON

Non-Executive Non-Independent Director

Mr Tan was appointed as a Non-Executive Non-Independent Director of Challenger Technologies Limited on 29 November 2021. He is the Chairman of the Dymon Asia Private Equity Investment Committee and a founding partner of Dymon Asia Capital, a leading asset management firm headquartered in Singapore. Prior to Dymon, he was a Director at Abax Global Capital, a special situations hedge fund based in Hong Kong, where he originated, structured, and executed investment transactions across Asia. During his career, Mr Tan was also a member of the Executive Committee of Standard Chartered Bank (China), Legal Representative and Branch Manager of Standard Chartered Bank's Shanghai Branch.

Mr Tan graduated with a 2nd Class Honours in Banking and Finance from Nanyang Technological University. He is a Council Member as well as the Vice Chairman of the International Affairs Committee of the 61st Council of Singapore Chinese Chamber of Commerce & Industry. He is the Patron of the Chong Pang Citizens' Consultative Committee and serves on the Board of Governors of the UOB-SMU Asian Enterprise Institute. He is also a Member of The Yellow Ribbon Fund Main Committee and serves as Chairman of the Yellow Ribbon Fund Allocation Sub-Committee.

KEY MANAGEMENT

MS LOO PEI FEN
Managing Director

Ms Loo first joined the Group in January 2004. She was appointed Managing Director on 1 November 2022 and oversees online sales, logistics, retail operations, corporate sales, group marketing, merchandising and software development across the Group and its subsidiaries. She has a Master of Marketing from the University of Newcastle and a Bachelor of Arts from the University of Southern California.

MR SEAH CHIN TIONG
Managing Director – InCall Systems Pte Ltd

Mr Seah started InCall Systems in 2001, an Outsourced Business Service Provider which offers end-to-end integrated marketing solutions. He is responsible for the overall management and the daily operations of our database, call centre and direct marketing business. He holds a Bachelor of Business Administration from the National University of Singapore and a Graduate Diploma in Systems Analysis from the Institute of Systems Science.

MR LIM CHIANG WEI
Chief Executive Officer – Challenge Ventures Pte Ltd

Mr Lim joined the Group in Feb 2022. He is responsible for the overall management of Challenge Ventures Pte Ltd. and its subsidiaries. Prior to joining the group, Mr Lim held business development roles in Singapore as well as China. He holds a Bachelor of Science (Real Estate) with Honours from the National University of Singapore.

MR NG KIAN TECK
Chief Logistics Officer

Mr Ng was appointed Chief Logistics Officer on 1 November 2020 and is in charge of managing the logistics function of the Group. Prior to this, he was responsible for improving and increasing the efficiency as well as productivity of all functions across the Group. Mr Ng joined the Group in 1996. He holds a Bachelor of Science in Business Administration from the California State University, Los Angeles.

MR YONG KIM HON
Chief Executive Officer – ITEZ SG Pte Ltd

Mr Yong joined the Group in 2003. He is the CEO of ITEZ which is a provider of IT equipment rental and was previously in charge of merchandising of the Challenger retail operations. He holds a Bachelor degree of Computer and Communication Systems Engineering from Universiti Putra Malaysia.

RETAIL FOOTPRINT

CHALLENGER FLAGSHIP STORE

Bugis Junction

200 Victoria Street
#B1-26 Bugis Junction
Singapore 188021

CHALLENGER SUPERSTORE

313 @ Somerset

313 Orchard Road
#04-01/02 313@Somerset
Singapore 238895

Ang Mo Kio Hub

53 Ang Mo Kio Avenue 3
#02-09 to 14 AMK Hub
Singapore 569933

Bugis Junction

200 Victoria Street
#03-10E Bugis Junction
Singapore 188021

Causeway Point

1 Woodlands Square
#04-06/07 Causeway Point
Singapore 738099

Changi City Point

5 Changi Business Park Central 1
#01-56/57/58/59
Changi City Point
Singapore 486038

Compass One

1 Sengkang Square
#03-17 Compass One
Singapore 545078

Great World City

1 Kim Seng Promenade
#02-129/130 Great World City
Singapore 237994

Heartland Mall

205 Hougang Street 21
#03-16 Heartland Mall
Singapore 530205

IMM

2 Jurong East Street 21
#02-42 IMM Building
Singapore 609601

ION Orchard

2 Orchard Turn
#04-26 ION Orchard
Singapore 238801

JEM

50 Jurong Gateway Road
#04-01 JEM
Singapore 608549

Jewel Changi Airport

78 Airport Boulevard
#B2-214 & 215 Jewel Changi
Airport
Singapore 819666

Jurong Point

63 Jurong West Central 3
#B1-94/95/96
Jurong Point Shopping Centre
Singapore 648331

Lot One

21 Choa Chu Kang Avenue 4
#03-05 to 08A Lot One
Singapore 689812

NEX

23 Serangoon Central
#04-33/34 nex
Singapore 556083

Northpoint

930 Yishun Avenue 2
#03-07 to 10
Northpoint City
Singapore 769098

Parkway Parade

80 Marine Parade Road
#04-01 Parkway Parade
Singapore 449269

Paya Lebar Quarter

10 Paya Lebar Road
#04-01 Paya Lebar Quarter
Singapore 409057

Plaza Singapura

68 Orchard Road
#04-12/12A Plaza Singapura
Singapore 238839

Raffles City

252 North Bridge Road
#03-22/23
Raffles City Shopping Centre
Singapore 179103

Sun Plaza

30 Sembawang Drive
#02-06 Sun Plaza
Singapore 757713

Suntec City Mall

3 Temasek Boulevard
#02-721 Suntec City Mall
Singapore 038983

Tampines 1

10 Tampines Central 1
#04-24/25 Tampines 1
Singapore 529536

The Clementi Mall

3155 Commonwealth
Avenue West
#04-56/57/58/59/60
The Clementi Mall
Singapore 129588

Tiong Bahru Plaza

302 Tiong Bahru Road
#03-114 Tiong Bahru Plaza
Singapore 168732

VivoCity

1 HarbourFront Walk
#02-34/35 VivoCity
Singapore 098585

RETAIL FOOTPRINT

CHALLENGER MOBILE

Aperia

12 Kallang Avenue
#01-05 Aperia
Singapore 339511

Bedok Mall

311 New Upper Changi Road
#B1-18/19/20 Bedok Mall
Singapore 467360

Bukit Panjang Plaza

1 Jelebu Road
#02-43/44/45 Bukit Panjang Plaza
Singapore 677743

City Square Mall

180 Kitchener Road
#B1-11A/12 City Square Mall
Singapore 208539

Downtown East

1 Pasir Ris Close
#01-314 Downtown East
Singapore 519599

Junction 8

9 Bishan Place
#04-03A Junction 8
Singapore 579837

Sengkang Grand Mall

70 Compassvale Bow
#01-61 Sengkang Grand Mall
Singapore 544692

Singapore Post Centre

10 Eunos Road 8
#02-135 Singapore Post Centre
Singapore 408600

Tampines Mall

4 Tampines Central 5
#04-05/06/07 Tampines Mall
Singapore 529510

The Seletar Mall

33 Sengkang West Avenue
#03-24 The Seletar Mall
Singapore 797653

Westgate

3 Gateway Drive
#03-33 Westgate
Singapore 608532

Waterway Point

83 Punggol Central
#B1-26 Waterway Point
Singapore 828761

West Mall

1 Bukit Batok Central Link
#04-20 West Mall
Singapore 658713

White Sands

1 Pasir Ris Central Street 3
#03-07/08 White Sands
Singapore 518457

Yew Tee Point

21 Choa Chu Kang North 6
#B1-12/13 Yew Tee Point
Singapore 689578

CHALLENGER PIT

Eastpoint Mall

3 Simei Street 6
#B1-08 Eastpoint Mall
Singapore 528833

Hougang Mall

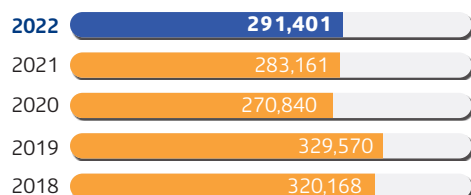
90 Hougang Avenue 10
#04-15 Hougang Mall
Singapore 538766

JCube

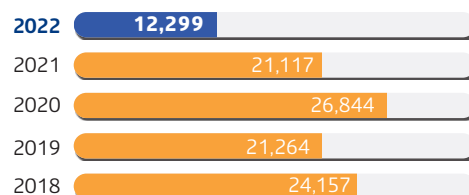
2 Jurong East Central 1
#01-24/25 JCube
Singapore 609731

GROUP 5-YEAR FINANCIAL HIGHLIGHTS

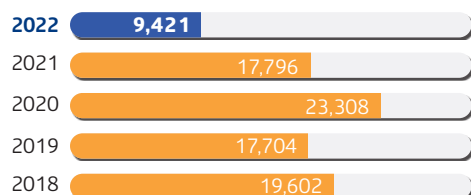
REVENUE (\$'000)



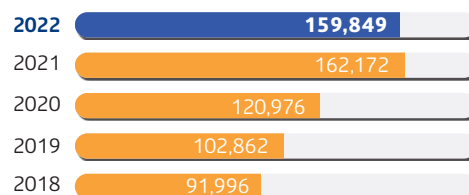
PROFIT BEFORE TAX (\$'000)



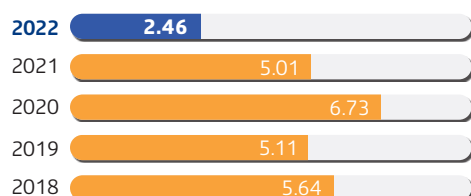
PROFIT AFTER TAX (\$'000)



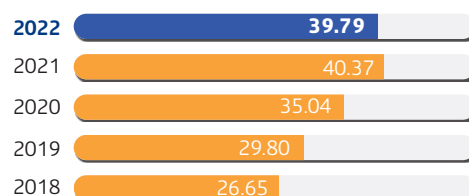
SHAREHOLDERS' FUNDS (\$'000)



EARNINGS PER SHARE (cents)



NET ASSET PER SHARE (cents)



	FY2022	FY2021	FY2020	FY2019	FY2018
KEY FINANCIAL RATIOS					
Net Profit Margin (%)	3.2	6.3	8.6	5.4	6.1
Inventory Turnover (days)	52	59	62	49	55
Receivables Turnover (days)	7	5	8	7	12
Return on Equity (%)	6	11	19	17	21
Quick Ratio (times)	3.11	3.00	2.44	2.07	2.21
Current Ratio (times)	3.91	3.86	3.26	2.86	3.26

GROUP OPERATIONS REVIEW

	2022 S\$'000	2021 S\$'000	Increase/ (Decrease) S\$'000	Remarks
REVENUE	291,401	283,161	8,240	The increase mainly came from increase in retail and corporate sales of \$9.0M and \$2.9M respectively, offset by lower online sales of \$3.1M and lower revenue from telephonic call centre and data management services.
Changes in inventories of finished goods	(3,101)	535	(3,636)	Increase in cost of goods purchased net off changes in inventories was in line with higher revenue achieved in FY2022.
Purchase of goods and consumables	(226,930)	(220,050)	6,880	
Other consumables used	(428)	(599)	(171)	
OTHER ITEMS OF INCOME				
Interest income	1,857	617	1,240	Increase in interest income was mainly due to higher interest rates from SGD fixed deposits placed with banks.
Other gains	635	4,214	(3,579)	Decrease in other gains was mainly due to reduced government wage support, and the fair value gain on financial instruments in FY2021.
OTHER ITEMS OF EXPENSE				
Depreciation expense	(1,824)	(1,801)	23	
Employee benefits expense	(21,085)	(21,902)	(817)	Decrease in employee benefits due to lower headcount with streamlining of processes.
Other expenses	(24,845)	(22,126)	2,719	Increase in other expenses was largely due to higher marketing and selling expenses as a result of higher retail sales activities.
Other losses	(3,381)	(932)	2,449	Increase in other losses mainly due to fair value loss on financial instruments in FY2022.
PROFIT BEFORE TAX	12,299	21,117	(8,818)	
Income tax expense	(2,878)	(3,321)	(443)	
PROFIT, NET OF TAX	9,421	17,796	(8,375)	

GROUP OPERATIONS REVIEW

	31.12.22 S\$'000	31.12.21 S\$'000	Increase/ (Decrease) S\$'000	Remarks
ASSETS				
NON-CURRENT ASSETS				
Other financial assets	27,554	27,429	125	The increase was due to additional investment in financial assets, offset by fair value loss on investment.
Property, plant and equipment	6,015	6,189	(174)	The decrease was due to depreciation of fixed assets, offset by acquisition of plant and equipment.
Right-of-use assets	27,108	24,024	3,084	The increase was due to additions and renewal of leases.
Total non-current assets	60,677	57,642	3,035	
CURRENT ASSETS				
Inventories	32,662	35,763	(3,101)	The lower inventory balance was due to the effort in reducing inventory turnover days.
Cash and cash equivalents	115,663	116,784	(1,121)	The decrease was due to additional investments in bonds and dividend payment.
Trade and other receivables	5,214	3,885	1,329	The increase was due to higher trade receivable balances as a result of higher corporate sales this year.
Other financial assets	248	-	248	
Other assets	5,080	4,590	490	
Total current assets	158,867	161,022	(2,155)	
Total assets	219,544	218,664	880	
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	51,575	51,575	-	
Retained earnings	109,259	110,634	(1,375)	
Other reserves	(985)	(37)	(948)	The decrease was mainly due to fair value loss on investments to other comprehensive income.
Equity, attributable to owners of the parent	159,849	162,172	(2,323)	
Non-controlling interests	(320)	133	(453)	
Total equity	159,529	162,305	(2,776)	

GROUP OPERATIONS REVIEW

	31.12.22 S\$'000	31.12.21 S\$'000	Increase/ (Decrease) S\$'000	Remarks
NON-CURRENT LIABILITIES				
Deferred tax liabilities	17	17	-	
Lease liabilities	15,038	11,552	3,486	The increase in lease liabilities was due to additions and renewal of leases.
Other liabilities	4,444	3,087	1,357	The increase was due to higher provision for product warranty, and higher deferment of membership administration fee revenue.
Total non-current liabilities	19,499	14,656	4,843	
CURRENT LIABILITIES				
Trade and other payables	15,358	17,725	(2,367)	Decrease in trade and other payables was mainly due to lower trade purchases in December 2022.
Provisions	2,415	2,388	27	
Income tax payable	3,127	3,292	(165)	The decrease in income tax was due to lower tax provision for FY2022.
Lease liabilities	12,770	13,165	(395)	
Other liabilities	6,846	5,133	1,713	The increase was due to higher deferment of the revenue recognition from reward points granted to members, Star Shield Warranty Scheme and membership subscription fee for FY2022.
Total current liabilities	40,516	41,703	(1,187)	
Total liabilities	60,015	56,359	3,656	
Total equity and liabilities	219,544	218,664	880	

CORPORATE INFORMATION

BOARD OF DIRECTORS

MAX NG CHEE WENG

Non-Executive Independent Chairman

LOO LEONG THYE

Executive Director and Chief Executive Officer

TAN WEE KO

Executive Director and Chief Financial Officer

TAN HAN BENG

Lead Independent Director

TAN CHAY BOON

Independent Director

KEITH TAN KENG SOON

Non-Executive Non-Independent Director

AUDIT COMMITTEE

TAN HAN BENG Chairman

MAX NG CHEE WENG

TAN CHAY BOON

NOMINATING COMMITTEE

MAX NG CHEE WENG Chairman

TAN HAN BENG

TAN CHAY BOON

REMUNERATION COMMITTEE

MAX NG CHEE WENG Chairman

TAN HAN BENG

TAN CHAY BOON

COMPANY SECRETARY

CHIA FOON YEOW

REGISTERED OFFICE

1 Ubi Link

Challenger TechHub

Singapore 408553

Tel: (65) 6318 9800

Fax: (65) 6318 9801

Email: ir@challenger.sg

Company Registration No.: 198400182K

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

BOARDROOM CORPORATE &
ADVISORY SERVICES PTE. LTD.

1 Harbourfront Ave

#14-07 Keppel Bay Tower

Singapore 098632

AUDITORS

RSM CHIO LIM LLP

Public Accountants and

Chartered Accountants

(a member of RSM International)

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Partner-in-charge: Tan Wei Ling

(effective from financial year ended

31 December 2020)

PRINCIPAL BANKERS

UNITED OVERSEAS BANK LIMITED

THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED

DBS BANK LIMITED

SUSTAINABILITY REPORT

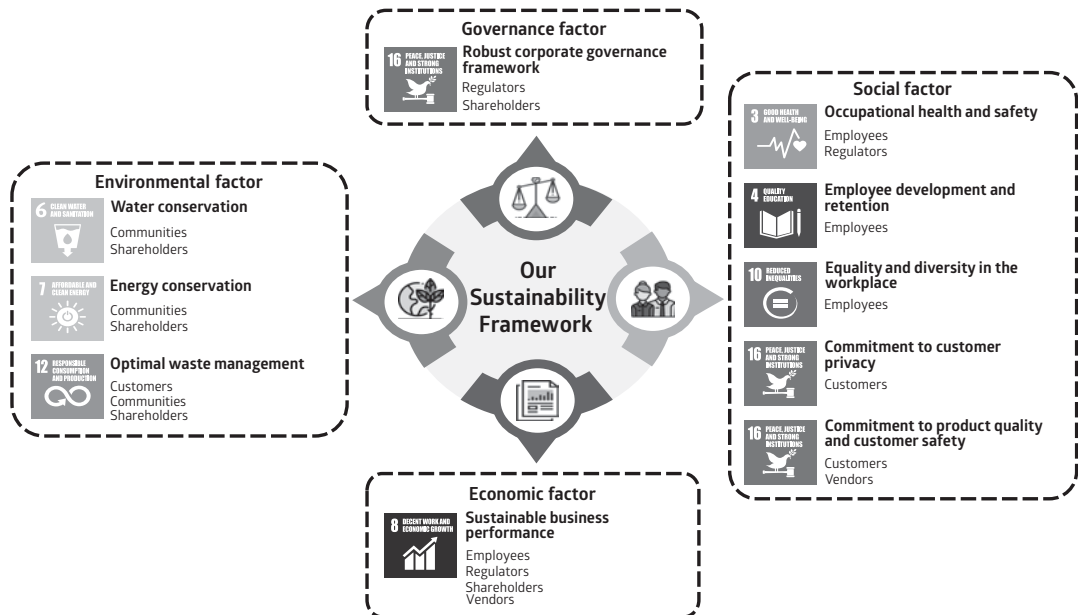
1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report (“Report”). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance (“ESG”) factors and economic performance (collectively as “Sustainability Factors”).

Whilst mindful of our profit-oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure a long-term future of Challenger Technologies Limited (“Challenger” or “the Company”) and its subsidiaries (collectively known as the “Group”). This commitment is reflected in our sustainable business strategy and the material Sustainability Factors which are shown in this Report.

A sustainability policy (“SR Policy”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

Our sustainability framework communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“SDGs” or “Global Goals”) and is supported by our key stakeholders, comprising communities, customers, employees, regulators, shareholders and vendors. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:



SUSTAINABILITY REPORT

A summary of our key sustainability performance in FY2022 is as follows:

Sustainability factor	Performance Indicator	Sustainability performance	
		FY2022	FY2021
Economic	Economic value generated ¹	\$293.57 million	\$284.31 million
	Operating costs ²	\$242.43 million	\$227.24 million
	Salaries to employees	\$21.09 million	\$21.90 million
	Tax to governments	\$3.04 million	\$5.00 million
	Payments to providers of capital ³	\$11.99 million	\$10.37 million
Environmental	Water consumption intensity (Cu M/square foot)	0.033	0.028
	Greenhouse Gas ⁴ ("GHG") emissions intensity (tonnes CO ₂ e/revenue S\$'000)	0.0026	0.0027
Social	Number of work-related fatalities	-	-
	Number of high-consequence work-related injuries ⁵	-	-
	Number of recordable work-related injuries	-	-
	Number of recordable work-related ill-health cases	-	-
	Number of reported incidents of unlawful discrimination against employees	-	-
	Number of incidents of substandard products resulting in electrical accidents to customers	-	-
	Number of substantiated complaints concerning breaches of customer privacy and loss of customer data ⁶	-	-
Governance	Number of reported substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-
	Number of incidents of serious offence ⁷	-	-

¹ Economic value generated includes revenue, other income and interest income net of government grant and any unrealised gains.

² Operating costs include cash payments to suppliers and contractors; net of employee-related costs.

³ Payments to providers of capital include dividends to all shareholders and interests paid.

⁴ GHG emissions are calculated based on the emissions factors published by the relevant local authorities.

⁵ High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

⁶ A substantiated complaint refers to a complaint that has been investigated by the Personal Data Protection Commission and violation of regulations has been established.

⁷ A serious offence is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than S\$100,000.

SUSTAINABILITY REPORT

As the world emerges from the COVID-19 crisis, both local consumer and tourist spending in Singapore are expected to continue rising. The Group is cautiously optimistic on the outlook for 2023, as inflationary pressure and the possible emergence of new COVID variants, as well as the GST tax hike in 2023 can potentially dampen consumer retail expenditure.

To mitigate these challenges, the Group will continue to focus on its core retail business, as well as ramping up e-commerce engagement by collaborating with e-commerce platforms, and enhancing its overall product range. We will also continue to monitor the performance of existing and new stores closely to maximise gross margins and store efficiencies.

2. OUR BUSINESS

We are principally involved in the retailing of IT products at our retail outlets and online marketplace.

2.1 Value chain

We source a wide range of IT and related products from reputable IT product distributors, including products under our house brands. Our product categories include electrical hardware, input devices, mobile computing hardware, printing devices, accessories, office products, desktops, data communication products, storage devices, multimedia products, software, digital gadgets and home entertainment appliances.



Offer more than 60,000 products that are sourced from:

- IT product distributors and suppliers
- Original brand manufacturers
- Original equipment manufacturers



Retail of third party and house brand IT products in retail outlets and online marketplace.

SUSTAINABILITY REPORT

2.2 People

As at 31 December 2022, the total number of employees by region are as follows:

	Singapore	People's Republic of China	Total
Overall			
	2,125	14	2,139
Full-time			
	350	14	364
Part-time⁸			
	1,775	-	1,775

3. REPORTING FRAMEWORK

This Report has been prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules. The Company has reported in accordance with the Global Reporting Initiative ("GRI") Standards for the period 1 January 2022 to 31 December 2022. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found in Appendix 2 of this Report.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("UN Sustainability Agenda"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") in our climate-related disclosure.

We relied on internal data monitoring and verification to ensure accuracy for this Sustainability Report. Internal review on the sustainability reporting process has been incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports.

4. REPORTING SCOPE

This Report is applicable for the Group's financial year from 1 January to 31 December 2022 ("FY2022" or "Reporting Period"). A sustainability report will be published annually in accordance with our SR Policy.

This Report covers our key IT products and services business segment within our Group which contributed more than 98% (FY2021: more than 98%) of our total revenue for the Reporting Period.

5. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: ir@challenger.sg.

⁸ Part-time employees are not included for consideration of turnover rate.

SUSTAINABILITY REPORT

6. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that can reasonably be expected to be significantly affected by our activities, products or services and whose actions can be reasonably to affect our ability to implement our strategies to achieve our objectives.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and vendors. Key stakeholders are determined for each material Sustainability Factor identified, based on the extent of which they can affect or are affected by our operations.

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholder	Engagement channel	Frequency of engagement	Key concern raised
1	Communities	Community campaigns	Regularly	<ul style="list-style-type: none"> Environmental initiatives Community well-being
2	Customers	<ul style="list-style-type: none"> Company's website Social media 	Daily	<ul style="list-style-type: none"> Product diversity Customer service Data privacy
		<ul style="list-style-type: none"> Calls Face-to-face communications 	Regularly	
3	Employees	Staff evaluation sessions	Yearly	<ul style="list-style-type: none"> Workplace health and safety Equal employment Job security Career development and training opportunities Remuneration
		Email communications	Regularly	
		Intranet	Daily	
4	Regulators	Consultations, briefings, updates from relevant regulatory bodies such as Singapore Stock Exchange and Ministry of Manpower	As and when required	<ul style="list-style-type: none"> Corporate governance Regulatory development towards environmental goals Workplace health and safety
5	Shareholders	Group result announcements	Annually	<ul style="list-style-type: none"> Sustainable business performance Market valuation Corporate governance
		<ul style="list-style-type: none"> Annual general meetings Annual reports 		
6	Vendors	<ul style="list-style-type: none"> Feedback Email communications Telecommunications 	Regularly	<ul style="list-style-type: none"> Ability to distribute products Maintain and expand brand presence Maximise end customers' satisfaction

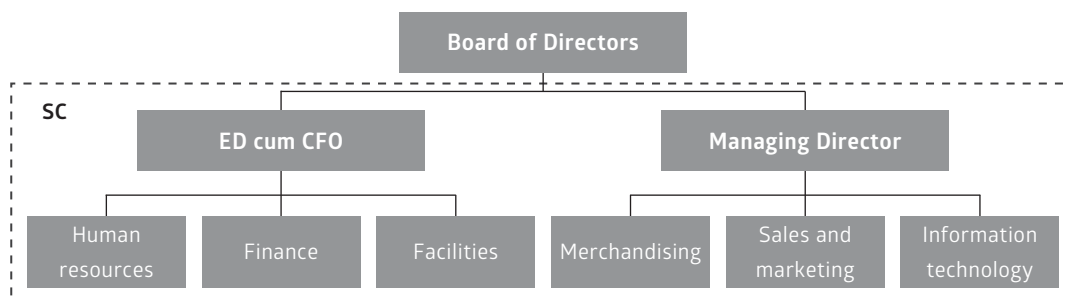
Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

SUSTAINABILITY REPORT

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

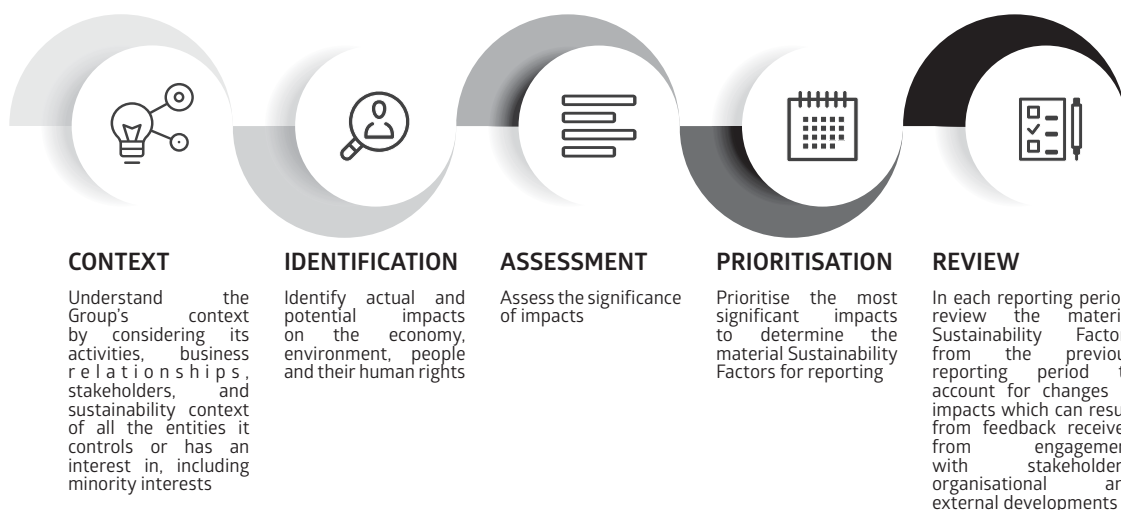
7.1 Reporting structure

The Board of Directors (“Board”) advises and oversees the development of our sustainability strategy and performance targets. Our sustainability strategy is spearheaded by the Sustainability Committee (“SC”). Our Executive Director cum Chief Financial Officer (“ED cum CFO”) and Managing Director lead the SC which comprises representatives from various support units. Our senior management advises the SC in reviewing our sustainability progress, discussing and coordinating on how the Group can better implement sustainability initiatives and contribute to sustainability efforts. The SC reports to the Board, reviews material impacts, considers stakeholders’ priorities, sets targets, as well as collects, verifies, monitors and reports performance data for this report.



7.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with an understanding of the Group’s context. This is followed by the ongoing identification and assessment of the Group’s impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of material Sustainability Factors disclosed in this Report.



SUSTAINABILITY REPORT

7.3 Materiality assessment

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts and significance of our impacts on the economy, environment, people and their human rights, which include our contribution to sustainable development.

7.4 Performance tracking and reporting

We track the progress of our material Sustainability Factors by identifying the relevant data points, monitoring and measuring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capturing systems. The sustainability trends can be found in Appendix 1 of this Report.

8. MATERIAL FACTORS

In FY2022, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Presented below is a list of material Sustainability Factors applicable to our Group:

List of material Sustainability Factors

S/N	Material Sustainability Factor	SDG	Key stakeholder
Economic			
1	Sustainable business performance	Decent work and economic growth	<ul style="list-style-type: none"> • Employees • Regulators • Shareholders
Environmental			
2	Water conservation	Clean water and sanitation	<ul style="list-style-type: none"> • Communities • Shareholders
3	Energy conservation and emission reduction	Affordable and clean energy	<ul style="list-style-type: none"> • Communities • Shareholders
4	Optimal waste management	Responsible consumption and production	<ul style="list-style-type: none"> • Communities • Customers • Shareholders

SUSTAINABILITY REPORT

S/N	Material Sustainability Factor	SDG	Key stakeholder
Social			
5	Occupational health and safety	Good health and well-being	<ul style="list-style-type: none"> • Employees • Regulators
6	Employee development and retention	Quality education	Employees
7	Equality and diversity in the workplace	Reduced inequalities	Employees
8	Commitment to customer privacy	Peace, justice and strong institutions	Customers
9	Commitment to product quality and customer safety	Peace, justice and strong institutions	<ul style="list-style-type: none"> • Customers • Vendors
Governance			
10	Robust corporate governance framework	Peace, justice and strong institutions	<ul style="list-style-type: none"> • Regulators • Shareholders

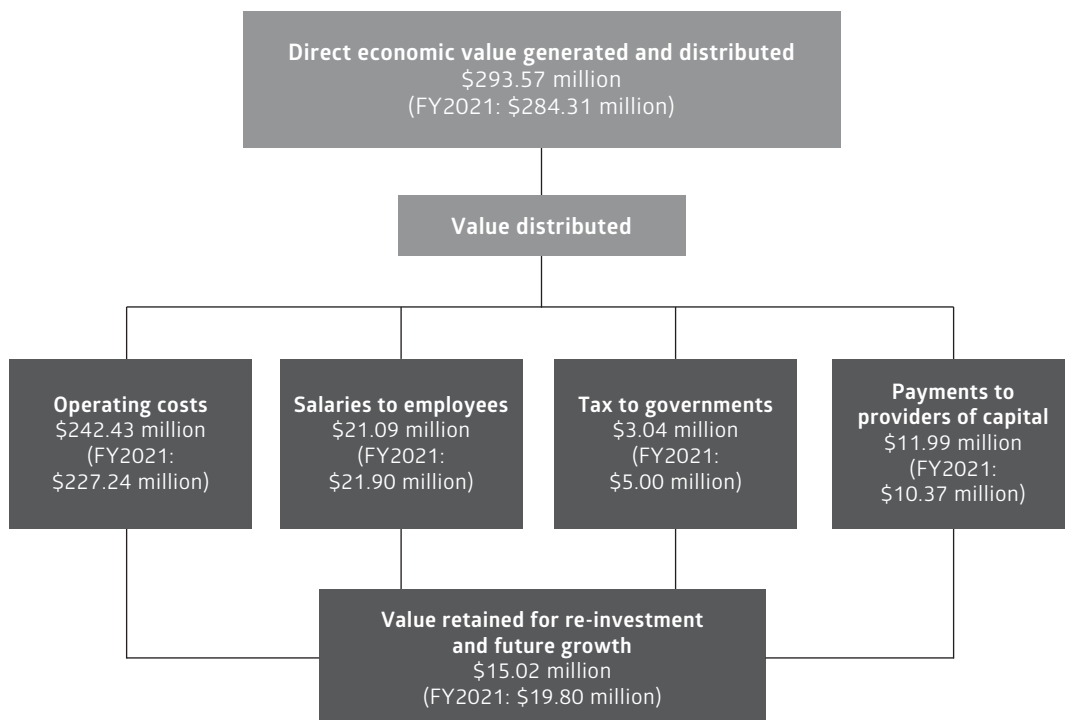
We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each material Sustainability Factor are presented as follows:

SUSTAINABILITY REPORT

8.1 Sustainable business performance

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, value created in FY2022 is distributed as follows to enable a more sustainable future:

Details of our Group's economic performance can be found in the financial contents and audited financial statements of this Annual Report.



Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or improve total economic value distributed subject to market conditions	Economic value generated increased from \$284.31 million to \$293.57 million	Maintain or improve total economic value distributed subject to market conditions

SUSTAINABILITY REPORT

8.2 Water conservation

In water-scarce Singapore, water management is vital. Ensuring the proper and efficient management of water is important in reducing wasteful water consumption. We are committed to the responsible usage of water resources through enhancing our water consumption efficiency.

We rely on water resources for pantry, sanitary purposes and office use. Key statistics on water consumption during the Reporting Period are as follows:

Resource	Water consumption (Cu M)		Water consumption intensity (Cu M/square foot)	
	FY2022	FY2021	FY2022	FY2021
Water	1,769	1,509	0.033	0.028

Water consumption trends are regularly tracked, analysed and corrective actions are taken when unusual consumption patterns are observed.

Target for FY2022	Performance in FY2022	Target for FY2023
Not applicable ⁹	Water consumption intensity increased from 0.028 to 0.033 Cu M/square foot	Reduce or maintain water consumption intensity

8.3 Energy conservation and emission reduction

We adopt a balanced approach in balancing the needs of various stakeholders through responsible usage of energy resources, reduce carbon emissions, preserve the environment we operate in and yet reduce our operating costs.

To run our operations, we rely on the following resources:

- Diesel fuel to power our own fleet of delivery vehicles;
- Petrol fuel for our company car; and
- Electricity for lighting, office equipment and cooling.

⁹ Not applicable as this is a newly disclosed Sustainability factor added in this Report.

SUSTAINABILITY REPORT

Key statistics on fuel and electricity consumption as well as GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2022	FY2021
Energy consumption			
Diesel consumption	Litres	13,378	14,528
Petrol consumption	Litres	2,070	2,365
Electricity consumption	kWh	1,746,149	1,754,051
Energy consumption intensity			
Diesel consumption intensity	Litres/revenue S\$'000	0.05	0.05
Petrol consumption intensity	Litres/revenue S\$'000	0.01	0.01
Electricity consumption intensity	kWh/square foot	9.0	9.2
GHG emissions			
GHG emissions (Scope 1 ¹⁰)	tonnes CO ₂ e	41	45
GHG emissions (Scope 2 ¹¹)	tonnes CO ₂ e	703	711
Total GHG emissions	tonnes CO ₂ e	744	755
GHG emissions intensity	tonnes CO ₂ e/revenue S\$'000	0.0026	0.0027

The reason for the improvement in diesel consumption was mainly due to the absence of a replacement driver for one of our delivery van, which resulted in under-utilisation.

Electricity conservation initiatives adopted by us include the following:

- 100% of our retail outlets optimise electricity efficiency using of high-efficiency lighting; and
- Electricity consumption trends in retail outlets are regularly reviewed. Corrective actions are taken when higher-than-normal consumption patterns are observed.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or reduce GHG emissions intensity	No material change in GHG emissions intensity	Maintain or reduce GHG emissions intensity

¹⁰ GHG emissions from consumption of fuel controlled by the Company (Scope 1) are calculated based on the GHG Emissions Measurement and Reporting Guidelines published by the National Environment Agency ("NEA").

¹¹ GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the average emissions factors published by the Energy Market Authority ("EMA").

SUSTAINABILITY REPORT

8.4 Optimal waste management

We are committed to manage and minimise the impact of our retail operations on the environment through the following initiatives:

Reuse and recycle used IT and related products

We work with NEA, under the Extended Producer Responsibility (“EPR”) scheme, to assist in the collection of electronic waste (“e-waste”) from consumers for proper recycling and waste treatment. Since the third quarter of FY2021, we have set up e-waste collection points strategically at 18 of our retail outlets island-wide. At these collection points, e-waste such as printers, notebooks and desktop computers, monitors and power-banks are deposited by consumers and regularly collected by a NEA appointed operator for proper treatment and recycling.

In addition, we provide our employees with training to familiarise them with the requirements of the EPR and ensure that our retail outlet employees are well-trained to guide and facilitate consumers in depositing the appropriate e-waste and to respond to any queries consumers may have regarding the in-store e-waste disposal scheme.

To facilitate the reusing and recycling of used IT products, pre-owned IT and related products can be traded in or consigned to our PIT.Money outlets. IT products reused and recycled by PIT.Money comprise mainly of old smartphones, notebooks, iPads or tablet computers. Our PIT.Money outlets also carry affordable used, demonstration and refurbished products.



Adopt reusable carrier bags and packaging

In an effort to reduce our environmental footprint since August 2021, we have been offering customers with non-woven reusable carrier bags at our retail outlets for greater reusability and sustainability. During the Reporting Period, non-woven bags issued to customers contribute to approximately 93% (FY2021: 17%) of the total weight of carrier bags issued.

Our efforts to optimise waste management are also focused on our house brand products which we have more control in design and selection of packaging materials. For house brand products, packaging optimisation is a key focus of our efforts to minimise waste materials generated from disposal. Multiple factors related to packaging are considered when developing products for customers and they include design and material choice.

Move towards a paperless working environment

We constantly enhance our operating systems to move towards a paperless working environment. One such enhancement involves the deployment of an online portal for our purchasing process whereby only electronic version of purchasing related documents such as purchase orders and payment advice are issued.

SUSTAINABILITY REPORT

Other measures taken to reduce paper consumption include the following:

- For the pick-up option that allows our customers to order online and pick up their purchases in store, the customer could use an electronic version of authorisation letter to nominate a third party to collect goods on their behalf;
- In over 90% of retail store transactions, customers opt for e-receipts sent to their emails instead of physical receipts;
- At all Challenger retail outlets, digital displays are used to communicate promotional messages, reducing printed storage and ink consumption; and
- Switching from printed product manuals to online manuals and videos for Valore and VCE products.

Other than the above, our operations do not generate other significant waste.

Target for FY2022	Performance in FY2022	Target for FY2023
Initiate or continue with various initiatives to achieve waste minimisation and efficient material use	We adopt various initiatives to achieve waste minimisation and efficient material use	Initiate or continue with various initiatives to achieve waste minimisation and efficient material use

8.5 Occupational health and safety

We are committed to maintain a safety-conscious culture amongst our employees.

We encountered zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill-health cases in FY2022 (FY2021: zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases). The recordable work-related injuries are mainly associated with zero injuries.

To protect our employees and minimise the risk of transmission of COVID-19, we adhere to the guidelines and measures passed by the applicable COVID-19 laws and regulations.

Target for FY2022	Performance in FY2022	Target for FY2023
Not applicable ¹²	Maintained zero work-related injuries and ill-health cases	Maintain zero work-related injuries and ill-health cases

8.6 Employee development and retention

Our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. We place a high priority on the competency development and well-being of our employees as we believe that well-trained employees are vital to the long-term success of our business.

¹² Not applicable as this is a newly disclosed Sustainability Factor in this Report.

SUSTAINABILITY REPORT

To provide employees with a clear, forward-looking career path and to ensure that their well-being at the workplace is taken care of, we have introduced the following initiatives:

Systematic and comprehensive training programmes

Given the nature of our business in the retail industry, retail employees play a vital role in contributing to the success of our business as they interact first-hand with customers and are also responsible for maintaining the physical appearance of our stores through managing displays and arranging inventories. To equip our retail employees with the necessary skills and capabilities, we have implemented various training programmes ranging from soft skills training to product knowledge courses. Such programmes also motivate them to maintain a high level of performance and upskill themselves. During the Reporting Period, our full-time employees received an average of 4.2 hours (FY2021: 7.6 hours) of training per full-time employee per year. Of which, full-time male employees and full-time female employees received 0.91 and 0.84 training hours per employee respectively (FY2021: 0.86 and 1.02 training hours per employee respectively). The decrease in the number of training hours per employee was due to lesser training held online for the employees.

Well-performing part-timers are selected to undergo further training programmes that enable them to undertake a more active role in the retail outlets, such as conducting training for other part-time employees. During the Reporting Period, part-timers received an average of 2.0 hours (FY2021: 2.4 hours) of training per part-time employee per year. Of which, part-time male employees and part-time female employees received 2.0 and 2.0 training hours per employee respectively (FY2021: 2.0 and 2.0 training hours per employee respectively).

Robust performance appraisal system

Staff assessment serves as a platform to evaluate the performance of the employees and to discuss areas for improvement. It also encourages employees to take self-initiated enrichment actions to improve their current skillsets, which in turn add value to our business. In FY2022, 100% (FY2021: 100%) of our full-time employees received regular performance and career development reviews.

The retail operations are labour intensive, requiring the services of a large number of part-time employees. To identify and duly recognise part-time employees who exhibit a high level of performance and enthusiasm, all part-time employees are evaluated based on their performance. In FY2022, 100% (FY2021: 100%) of our part-time employees received regular performance and career development reviews.

We believe that a low turnover improves the sustainability of our operations and allows us to contribute positively to the development of social and human capital in a wider community.

Key statistics on new employees hires and employee turnover are as follows:

New hires

Disclosure	FY2022	FY2021
Gender		
Male	68%	63%
Female	32%	37%
Age		
Below 30	57%	40%
30 to 50	39%	51%
Above 50	4%	9%

SUSTAINABILITY REPORT

Turnover

Disclosure	FY2022	FY2021
Overall	36%	39%
Gender		
Male	72%	70%
Female	28%	30%
Age		
Below 30	62%	63%
30 to 50	31%	28%
Above 50	7%	9%

As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of listing Rule 720 (7) of SGX-ST, we confirm that all directors have attended one of the approved sustainability training courses during the Reporting Period.

Target for FY2022	Performance in FY2022	Target for FY2023
<ul style="list-style-type: none"> Maintain or increase the average hours of training per employee per year Maintain or improve percentage of employees who received regular performance and career development reviews 	<ul style="list-style-type: none"> Average hours of training per year for each full-time and part-time employee decreased to 4.2 hours and 2.0 hours respectively The percentages of full-time and part-time employees who received regular performance and career development reviews are maintained at 100% 	<ul style="list-style-type: none"> Maintain or increase the average hours of training per employee per year Maintain or improve percentage of employees who received regular performance and career development reviews

8.7 Equality and diversity in the workplace

We are committed to provide a work environment for employees that fosters fairness, equity and respect for social and cultural diversity. The total number of full-time employees in our Group as at 31 December 2022 is 262 (FY2021: 271).

SUSTAINABILITY REPORT

Gender diversity (%)

We view diversity at the Board level as essential in supporting sustainable development and in relation to gender diversity, we have one female representation (FY2021: one) on the Board or 17% (FY2021: 17%) of the Board. Key statistics on gender diversity of our employees are as follows:

Disclosure	FY2022		FY2021	
	Male	Female	Male	Female
Overall	72%	28%	70%	30%
Management level				
Management	50%	50%	50%	50%
Non-management	73%	27%	70%	30%
Employment type				
Full-time	67%	33%	67%	33%
Part-time	74%	26%	71%	29%

Age diversity (%)

Key statistics on age diversity of our employees are as follows:

Disclosure	FY2022			FY2021		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	62%	31%	7%	63%	28%	9%
Management level						
Management	20%	71%	9%	8%	76%	16%
Non-management	27%	68%	5%	69%	23%	8%
Employment type						
Full-time	36%	55%	9%	31%	57%	12%
Part-time	76%	20%	4%	76%	16%	8%

To promote equal opportunity, we have established various human resource related practices as follow:

- A human resource policy is in place to select employees based on merit and competency; and
- Staff recruitment advertisements exclude age, race, gender and religion preferences as requirements.

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During the Reporting Period, we have no (FY2021: zero) reported incident of unlawful discrimination against employees.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero reported incident of unlawful discrimination against employees	Maintained zero reported incident of unlawful discrimination against employees	<u>On-going and long-term target</u> Maintain zero reported incident of unlawful discrimination against employees

8.8 Commitment to customer privacy

To stay connected with our customers, we have built a customer membership programme for our retail and online businesses. To effectively operate this programme and execute activities such as product launches, membership savings, discounts and other benefits, we collect personal data from our members. Data privacy of members is of paramount importance to us, and we are committed to protect customer privacy and personal data.

In Singapore, we abide by the Personal Data Protection Act ("PDPA"), which comprises various rules governing collection, use, disclosure and care of personal data. In line with our commitment to customer privacy and ensuring the compliance with the PDPA, a Personal Data Protection Committee is set up and regular meetings are held to discuss emerging issues and regulations updates.

In addition, a personal data protection policy ("Privacy Policy") has been implemented under the supervision of Personal Data Protection Policy Committee. The Privacy Policy specifies defined procedures on the collection, usage and disclosure of personal data. Our employees are granted access to the Privacy Policy and mandatory trainings related to handling of personal data are conducted for them.

To further protect our members' privacy, members are encouraged to scan the unique Quick Response ("QR") code on their ValueClub app or key in login Identification ("ID") at the point of payment to identify themselves as members to enjoy member's privileges. This avoids the need for our members to present personally identifiable information such as an identity card number in public areas.

During the Reporting Period, there was no reported substantiated complaints concerning breaches of customer privacy and losses of customer data (FY2021: zero incident).

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero incident of data breach	Maintained zero incident of data breach	Maintain zero incident of zero data breach

SUSTAINABILITY REPORT

8.9 Commitment to product quality and customer safety

We take potential risks to the health and safety of customers seriously. When sub-standard electrical products are sold and used, they could endanger the health and safety of our customers.

To address the above risk, we have a strict procurement policy that requires our procurement team to work closely with suppliers to ensure strict compliance. Key measures taken are as follows:

- New suppliers are evaluated in accordance with the procurement policy whilst existing key suppliers are regularly assessed by respective work teams based on established criteria;
- Safety checks on products are performed by the quality control team when received. Samples selected for safety checks undergo stringent functionality checks and reliability testing;
- For products that fail the safety checks, further checks are performed internally upon supplier's repair or rectification; and
- Feedback is constantly furnished by the procurement team to suppliers to make improvements. A supplier that does not improve will be subsequently disqualified.

We also ensure that products covered under the Consumer Protection (Safety Requirements) Registration Scheme ("CPS Scheme") are certified with the applicable SAFETY mark before they are put on sale.

During the Reporting Period, there was no reported incidents of substandard products resulting in electrical accidents (FY2021: zero incident).

To fulfil our commitment towards ensuring the safety of our customers during the Pandemic, we have continued with the following precautionary measures at our retail outlets:

- Provision of hand sanitisers for our customers;
- Thorough and extensive disinfection for all surfaces regularly; and
- Safe distancing measures such as reminding our customers to maintain safe distancing at all times when in store.

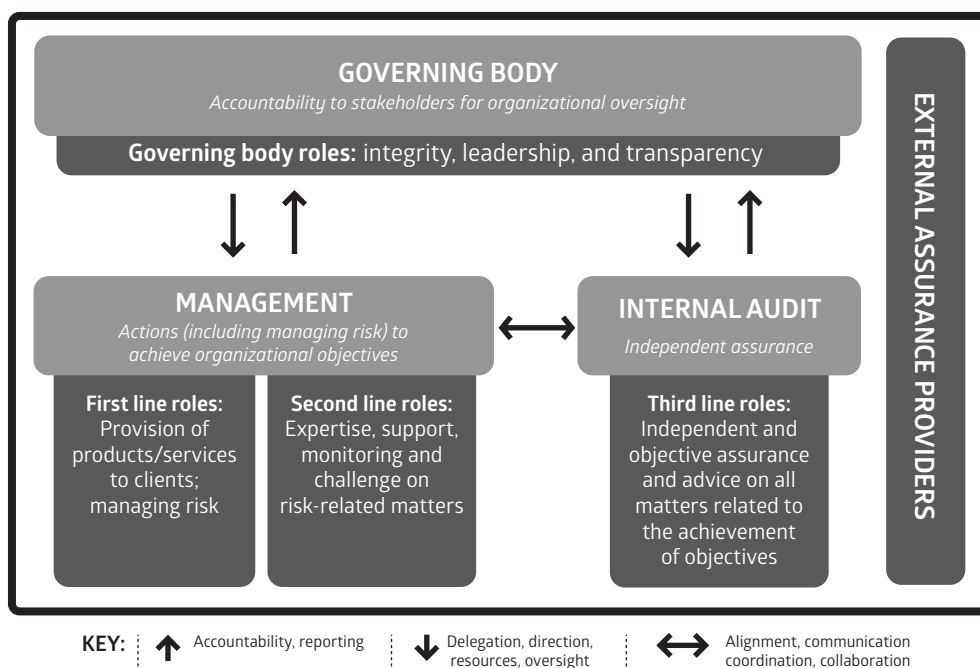
Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero incident of substandard products resulting in electrical accidents to our customers	Maintained zero incident of substandard products resulting in electrical accidents to our customers	<u>On-going and long-term target</u> Maintain zero incident of substandard products resulting in electrical accidents to our customers

8.10 Robust corporate governance framework

We are committed to high standards of corporate governance and believe that a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

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In order to ensure the Group's sustainability, it is essential to manage our business risks to the best of our abilities. Our corporate governance and risk management approach is aligned with the Three Lines Model published by the Institute of Internal Auditors ("IIA") to facilitate strong governance and risk management. The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model of the IIA

We have implemented a whistle-blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. During the Reporting Period, there was zero reported incident of serious offence (FY2021: zero incident).

We have put in place a risk management framework. Under this framework, we regularly assess and review our business and operational environment to better identify and manage emerging and strategic sustainability risks.

The overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 69 for year 2022 (FY2021: 59). We will continuously work towards improving our SGTI score.





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Refer to the Corporate Governance Report of the Annual Report for details for our corporate governance practices.





Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero incident of serious offence to be reported	No reported incident of serious offence to be reported	Maintain zero incident of serious offence to be reported

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important part in advancing sustainable development and to align our business objectives with the SDGs, we have identified the relevant SDGs which we can contribute to through our business practices, products and services. The SDGs that we focus on and the related Sustainability Factors are as follows:

SDG	Our effort
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p><u>Section 8.5 Occupational health and safety</u> We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.</p>
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p><u>Section 8.6 Employee development and retention</u> We invest in training and development of our people to enhance our business competencies as well as overall productivity.</p>
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p><u>Section 8.2 Water conservation</u> We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p><u>Section 8.3 Energy conservation and emission reduction</u> We conserve electricity through high-efficiency lighting which in turn, helps to promote the efficient use of energy and reduce GHG emissions.</p>

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SDG	Our effort
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p><u>Section 8.1 Sustainable business performance</u> We contribute to economic growth through creating long-term economic value for our shareholders.</p>
 <p>10 REDUCED INEQUALITIES</p> <p>Reduce inequality within and among countries</p>	<p><u>Section 8.7 Equality and diversity in the workplace</u> We ensure equal opportunities for all regardless of gender, age, nationality, ethnicity, or educational background.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<p><u>Section 8.4 Optimal waste management</u> We contribute to the reduction of waste generation through recycling, reusing and reducing.</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p><u>Section 8.8 Commitment to customer privacy</u> We maintain commercially reasonable physical, electronic and procedural safeguards to protect personal data in accordance with the requirements of relevant data protection regulations.</p> <p><u>Section 8.9 Commitment to product quality and customer safety</u> We ensure that our products meet the necessary safety standards.</p> <p><u>Section 8.10 Robust corporate governance framework</u> We maintain a high standard of corporate governance framework to safeguard our shareholders' interest and maximise long-term shareholder value.</p>

SUSTAINABILITY REPORT

10. SUPPORTING THE TCFD

We are committed to supporting the recommendations by the TCFD and have disclosed some of our climate-related financial disclosures in the following key areas as recommended by the TCFD:

Key area	Our approach
Governance	<p>The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies.</p> <p>Our sustainability strategy is developed and directed by the Group's SC in consultation with the Board. The Group's SC includes representatives from various support units. The Group's senior management advises the SC in reviewing our sustainability progress. The responsibilities of the SC include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.</p>
Strategy	<p>The climate-related risks and opportunities were identified by the Group during the enterprise risk management ("ERM") exercise.</p> <p>Climate related risks that were identified include shifting customer preferences for sustainable products, which may result in potential loss of sales for the Group should it not meet customers' needs. This may in turn adversely affect its business and financial performances.</p> <p>On the other hand, opportunities have surfaced for the Group to innovate, develop and source for more sustainable products to boost its product range as a competitive advantage.</p> <p>We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/subsector scenarios and time horizons, to anticipate and manage climate change impacts.</p>
Risk management	<p>An ERM framework is in place to guide the Group in the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks.</p> <p>The Group's climate related risks and opportunities are identified and assessed during an ERM exercise. The climate-related risks and their related opportunities and treatment plans are also reviewed and updated during the ERM exercise and are presented to the Audit Committee along with the other Group's key risks. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.</p>
Metrics and targets	<p>We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.</p> <p>To support the climate change agenda, we disclose Scope 1 and Scope 2 GHG emissions in the sustainability report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. We will continue to monitor our emissions and disclose Scope 3 GHG emissions wherever applicable and practicable.</p>

SUSTAINABILITY REPORT

APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY2022	FY2021	FY2020
Sustainable business performance				
1	Economic value generated	\$293.57 million	\$284.31 million	\$272.47 million
2	Operating costs	\$242.43 million	\$227.24 million	\$215.22 million
3	Salaries to employees	\$21.09 million	\$21.90 million	\$21.17 million
4	Tax to governments	\$3.04 million	\$5.00 million	\$2.73 million
5	Payments to providers of capital	\$11.99 million	\$10.37 million	\$6.15 million
6	Economic value retained	\$15.02 million	\$19.80 million	\$27.20 million
Water conservation				
7	Water consumption (Cu M)	1,769	1,509	NA ¹³
8	Water consumption intensity (Cu M/square foot)	0.033	0.028	NA ¹³
Energy conservation and emission reduction				
9	Diesel consumption (litres)	13,378	14,528	NA ¹³
10	Petrol consumption (litres)	2,070	2,365	NA ¹³
11	Diesel consumption intensity (litres/revenue S\$'000)	0.05	0.05	NA ¹³
12	Petrol consumption intensity (litres/revenue S\$'000)	0.01	0.01	NA ¹³
13	Electricity consumption (kWh)	1,746,149	1,754,051	1,456,002
14	Electricity consumption intensity (kWh/square foot)	9.0	9.2	7.9
15	Scope 1 GHG emissions (tonnes CO ₂ e)	41	45	NA ¹³
16	Scope 2 GHG emissions (tonnes CO ₂ e)	703	711	590
17	GHG emissions intensity (tonnes CO ₂ e/revenue S\$'000)	0.0026	0.0027	0.0032
Optimal waste management				
18	Initiatives to achieve waste minimisation	Initiate or continue with various initiatives to achieve waste minimisation and efficient material use		

SUSTAINABILITY REPORT

S/N	Performance indicator	Sustainability performance		
		FY2022	FY2021	FY2020
Occupational health and safety				
19	Work-related fatalities	-	-	-
20	High-consequence work-related injuries	-	-	-
21	Recordable work-related injuries	-	-	NA ¹³
22	Recordable work-related ill-health	-	-	NA ¹³
Employee development and retention				
23	Average annual training hours per full-time employee	4.2 hours	7.6 hours	4.7 hours
24	Average annual training hours per part-time employee	2.0 hours	2.4 hours	2.1 hours
25	Percentage of full-time employees who have received regular performance and career development reviews	100%	100%	100%
26	Percentage of part-time employees who have received regular performance and career development reviews	100%	100%	100%
27	Ratio of new employees who are above 50 years old over total employees	4%	9%	NA ¹³
28	Turnover rate	36%	39%	NA ¹³
29	Percentage of directors who attended one of the approved sustainability training courses	100%	NA ¹⁴	NA ¹³
Equality and diversity in the workplace				
30	Ratio of female employees over total employees	28%	30%	NA ¹³
31	Ratio of female over total Board members	17%	17%	20%
32	Ratio of employees who are above 50 years old over total employees	7%	9%	NA ¹³
33	Number of reported incidents of unlawful discrimination against employees	-	-	-
Commitment to customer privacy				
34	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	-

¹³ Not applicable as this is a newly disclosed performance indicator in FY2022.

SUSTAINABILITY REPORT

S/N	Performance indicator	Sustainability performance		
		FY2022	FY2021	FY2020
Commitment to product quality and customer safety				
35	Number of incidents of substandard products resulting in electrical accidents	-	-	-
Robust corporate governance framework				
36	Number of incidents of serious offence	-	-	-
37	SGTI score	69 points	59 points	73 points
38	Anti-corruption training for employees	Ongoing		

SUSTAINABILITY REPORT

APPENDIX 2 GRI CONTENT INDEX

Statement of use	Challenger has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	-

GRI Standard	Disclosure	Location and Omissions
GRI 2: General Disclosures 2021	2-1 Organizational details	Cover page, 3, 7-8, 13, 83, 136-137
	2-2 Entities included in the organization's sustainability reporting	17
	2-3 Reporting period, frequency and contact point	17
	2-4 Restatements of information	None
	2-5 External assurance	17
	2-6 Activities, value chain and other business relationships	16, 136-137
	2-7 Employees	17, 28-30
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	4-5, 19
	2-10 Nomination and selection of the highest governance body	49-57
	2-11 Chair of the highest governance body	4-5
	2-12 Role of the highest governance body in overseeing the management of impacts	19
	2-13 Delegation of responsibility for managing impacts	19
	2-14 Role of the highest governance body in sustainability reporting	19
	2-15 Conflicts of interest	43-45, 66
	2-16 Communication of critical concerns	31-33, 62-64
	2-17 Collective knowledge of the highest governance body	26-28, 43-48
	2-18 Evaluation of the performance of the highest governance body	57

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Location and Omissions
	2-19 Remuneration policies	57-60
	2-20 Process to determine remuneration	57-60
	2-21 Annual total compensation ratio	The Company will not be providing this information due to confidentiality constraints
	2-22 Statement on sustainable development strategy	14-16
	2-23 Policy commitments	31-35
	2-24 Embedding policy commitments	31-33
	2-25 Processes to remediate negative impacts	31-33, 62-64
	2-26 Mechanisms for seeking advice and raising concerns	31-33, 62-64
	2-27 Compliance with laws and regulations	28-33
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	18
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements
GRI 3: Material Topics 2021	3-1 Process to determine material topics	19-20
	3-2 List of material topics	20-21
	3-3 Management of material topics	22-33
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	22
	201-2 Financial implications and other risks and opportunities due to climate change	35
	201-3 Defined benefit plan obligations and other retirement plans	86-87
	201-4 Financial assistance received from government	103

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Location and Omissions
GRI 302: Energy 2016	302-1 Energy consumption within the organization	23-24
	302-2 Energy consumption outside of the organization	23-24
	302-3 Energy intensity	23-24
	302-4 Reduction of energy consumption	None
	302-5 Reductions in energy requirements of products and services	Not applicable due to business nature
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	23
	303-2 Management of water discharge-related impacts	Not applicable due to business nature
	303-3 Water withdrawal	23
	303-4 Water discharge	Not applicable due to business nature
	303-5 Water consumption	23
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	23-24
	305-2 Energy indirect (Scope 2) GHG emissions	23-24
	305-3 Other indirect (Scope 3) GHG emissions	35
	305-4 GHG emissions intensity	23-24
	305-5 Reduction of GHG emissions	None
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	25-26
	306-2 Management of significant waste-related impacts	25-26
	306-3 Waste generated	25-26
	306-4 Waste diverted from disposal	We are currently looking to enhance our waste management and disposal procedures
	306-5 Waste directed to disposal	We are currently looking to enhance our waste management and disposal procedures

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Location and Omissions
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	26
	403-2 Hazard identification, risk assessment, and incident investigation	26
	403-3 Occupational health services	Not applicable due to business nature
	403-4 Worker participation, consultation, and communication on occupational health and safety	Not applicable due to business nature
	403-5 Worker training on occupational health and safety	Not applicable due to business nature
	403-6 Promotion of worker health	86-87
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	26
	403-8 Workers covered by an occupational health and safety management system	26
	403-9 Work-related injuries	26
	403-10 Work-related ill health	26
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	26-28
	404-2 Programs for upgrading employee skills and transition assistance programs	26-28
	404-3 Percentage of employees receiving regular performance and career development reviews	26-28
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	28-30
	405-2 Ratio of basic salary and remuneration of women to men	The Company will not be providing this information due to confidentiality constraints
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	28-30
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	31
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	31
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	30

CORPORATE GOVERNANCE REPORT

This report outlines the Company's corporate governance practices and structures in the financial year ended 31 December 2022 ("FY2022"), with specific reference made to each of the principles of the Code of Corporate Governance 2018 (the "Code"). The Company has complied with the principles of the Code, and any deviations from the effective provisions of the Code are explained.

The Board's Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

Role of the Board

- i. Directors are fiduciaries who act objectively in the best interests of the Company and hold the management of the Company accountable for performance by the implementation of a code of conduct and ethics which sets the appropriate tone-from-the-top, culture of the Company and ensures proper accountability within the Company.
- ii. Directors who are facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.

Training for Directors

- iii. Directors understand the Company's business and their duties as directors whether executive, non-executive or independent and shall be provided with opportunities to develop and maintain their skills and knowledge. Directors are regularly updated on the changes to accounting standards, rules and regulations that may impact the Group by the management and various professionals.
- iv. Directors with no prior experience as a Director of a listed company are required to undergo training in the roles and responsibilities of a listed company Director unless the nominating committee is of the view that the Director has other relevant experience. The Company has no new and/or existing director with no prior experience as a director of a listed company.

Matters Requiring Board Approval

- v. The Board adopts internal control procedures and guidelines for the Company which are clearly communicated to the key management personnel. Under such procedures and guidelines, the approval of the Board is required for any transaction exceeding S\$1 million in value not entered into in the ordinary course of business. Formation of Board Committees (each a "Committee" and collectively the "Committees") are also required to be approved by the Board.
- vi. The Committees shall be formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Committee's activities, are disclosed in this Annual Report.
- vii. Currently, there are three (3) Committees – the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC"). Each of these Committees has its own terms of reference. The Committees report to, and their actions are reviewed by, the Board.

CORPORATE GOVERNANCE REPORT

Frequency of Meetings

- viii. Directors meet regularly on a half-yearly basis and actively participate in Board and Committee meetings.
- ix. The number of meetings of the Board and Committees held in FY2022, as well as the attendance of each Board member thereat, are set out below:

	Board		Committees	
		Audit	Nominating	Remuneration
Number of meetings held	2	2	1	1
Board Members	Number of meetings attended			
Loo Leong Thye	2	2*	1*	1*
Tan Wee Ko	2	2*	1*	1*
Tan Han Beng	2	2	1	1
Max Ng Chee Weng	2	2	1	1
Tan Chay Boon	2	2	1	1
Tan Keng Soon	2	2*	1*	1*

* By invitation

- x. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company.
- xi. Directors are consistently provided with complete, adequate and timely information prior to meetings to allow Directors to make informed decisions and to discharge their duties and responsibilities. Directors are also periodically briefed on the performance and developments in respect of the Group.
- xii. As a general rule, notices are sent to the Directors at least one (1) week in advance of Board meetings, followed by the Board papers in order for the Directors to be adequately prepared for the meetings. Key management personnel attend Board meetings to address queries from the Directors. The Directors also have unrestricted access to the Company's key management personnel, and may also request further explanations, briefings or informal discussions on any aspects of the Group's operations or business issues from the management. Requests for the Company's information by the Board are dealt with promptly.

Professional Advisers

- xiii. The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by them in the furtherance of their duties, at the expense of the Company.

CORPORATE GOVERNANCE REPORT

Appointment of Company Secretary

- xiv. The Company Secretary attends all meetings of the Board and Committees and ensures that all Board procedures are followed and applicable rules and regulations are complied with.
- xv. The appointment and removal of the Company Secretary is a decision of the Board and the Directors have separate and independent access to them.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Independent Directors and Non-Executive Directors

The composition of the Board is reviewed on an annual basis by the NC. As at the date of this report, the Board comprises six (6) members. Save for the Chief Executive Officer (“CEO”), Mr Loo Leong Thye, the Chief Financial Officer (“CFO”), Mr Tan Wee Ko and the Non-Executive Non-Independent Director, Mr Tan Keng Soon, the rest of the Board is made up of non-executive and independent directors (the “IDs”). Each Director has been appointed on the strength of his and her calibre and experience. Please refer to the section titled “Profile of Board of Directors” in the Annual Report for their individual profiles.

As there are three (3) IDs on the Board, including the Chairman of the Board, for the financial year under review, the prevailing applicable requirement pursuant to Rule 2.10(5)(c) of the Listing Manual of SGX-ST that at least one-third (1/3) of the Board be comprised of IDs is satisfied. All Committee meetings are chaired by the IDs.

The NC adopts the Code’s definition of what constitutes an “independent” Director. The Board, taking into account the views of the NC, considers an “independent” Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement in the best interests of the Group. The independence of each Director is reviewed annually by the NC and the Board.

Mr Max Ng Chee Weng has served as an ID of the Company for more than nine (9) years since his initial appointment on 12 January 2006. The Board has subjected his independence to particularly rigorous review. Taking into account the view of the NC, the Board concurs that Mr Max Ng Chee Weng has continued to demonstrate his strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company, and found no reason to understand that the length of his service has in any way dimmed his independence. Given his wealth of working experience and professionalism, the NC has found Mr Max Ng Chee Weng suitable to continue to act as an ID notwithstanding that he has served as an ID of the Company for more than nine (9) years from his initial appointment.

Mr Max Ng Chee Weng is also the Managing Director of Gateway Law Corporation, which provides legal and professional services to the Group from time to time. The NC is also of the view that the business relationship with Gateway Law Corporation will not interfere with the exercise of independent judgment by Mr Max Ng Chee Weng in his role as an ID and he has continued to demonstrate integrity and objectivity in the discharge of his duties. After due consideration and careful assessment, the NC considers that Mr Max Ng Chee Weng continues to be considered independent notwithstanding the services rendered and payment made to Gateway Law Corporation in FY2022.

CORPORATE GOVERNANCE REPORT

Mr Tan Han Beng has served as an ID of the Company beyond nine (9) years from the date of his first appointment. The Board has subjected his independence to a particularly rigorous review. After due consideration and with the concurrence of the NC, the Board is of the view that Mr Tan Han Beng has demonstrated strong independent character and judgement over the years in discharging his duties and responsibilities as Director of the Company and found no reason to understand that the length of his service has in any way dimmed his independence. He has expressed individual viewpoints, debated issues and sought clarification and amplification as deemed necessary. In that regard, the NC has found Mr Tan Han Beng suitable to continue to act as an ID notwithstanding that he has served as an ID of the Company for more than nine (9) years from his initial appointment.

All three (3) IDs on the Board, namely, Mr Max Ng Chee Weng, Mr Tan Han Beng and Ms Tan Chay Boon were first appointed on 12 January 2006, 1 March 2013 and 1 March 2013 respectively and would have served on the Board for an aggregate period of more than nine (9) years by 28 February 2022.

Both the NC and the Board continue to be of the view that Mr Max Ng Chee Weng, Mr Tan Han Beng and Ms Tan Chay Boon are independent under Rule 2.10(5)(d)(iv) and that there are no individuals or small groups of individuals who dominate the Board's decision-making process.

On 11 January 2023, the Singapore Exchange Regulation announced that it will limit to nine (9) years the tenure of IDs serving on the boards of issuers listed on the SGX-ST. As transition, IDs whose tenure exceeds the nine-year limit can continue to be deemed independent until the Company's AGM held for the financial year ending on or after 31 December 2023.

As at the end of FY2022, Ms Tan Chay Boon has served on the Board beyond nine (9) years from the date of her first appointment. Notwithstanding that Board is of the view that Ms Tan Chay Boon has demonstrated strong independent character and judgement over the years in discharging her duties and responsibilities as an independent director of the Company, in light of the new requirements imposing a hard tenure limit for IDs of nine (9) years, Ms Tan Chay Boon, who has served with distinction on the Board for ten (10) years, will retire at the Company's forthcoming AGM and will not seek re-election.

The Board is currently in the process of identifying a suitable candidate to replace Ms Tan Chay Boon as independent director. The appointment is a critical part of the Company's corporate governance framework. Thus, the Board is committed to ensuring that the right candidate is selected for the role. As the transparency and timely communication is essential in this matter, the Company will make the necessary announcement regarding the appointment in due course.

Board Size

The Board periodically examines its size to ensure that it is of an appropriate number for effective decision making, taking into account the scope and nature of the operations of the Company. Notwithstanding Ms Tan Chay Boon's retirement from the Board at the Company's forthcoming AGM, the Board is of the view that the size of six (6) is an appropriate size that facilitates effective decision making considering in particular, the need to avoid undue disruptions from changes to the composition of the Board and the Committees, whilst noting the nature and scope of the Group's operations.

CORPORATE GOVERNANCE REPORT

Competencies of Directors

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to confirm their independence annually.

The Board and Committees' composition reflects the broad range of experience, skills, knowledge and other diversity such as gender and age necessary to avoid groupthink and to foster constructive debate.

The current Board comprises six (6) members, with the majority being IDs and a Non-Executive Director, who are business leaders and professionals in their respective fields. The Directors are individuals with business and professional qualifications in the fields of IT, accounting and finance, regulatory compliance and law, and have managed big multinational corporations and worked in international accounting and legal firms during their careers. Further, the Board not only has female representation but also Directors of different ages, ranging from 48 years old to 69 years old, to allow for a more diversified contribution to the Board. Please refer to the section titled "Profile of Board of Directors" in the Annual Report for their individual profiles.

The NC and the Board are both of the view that the current Board and the Committees on the whole, have an appropriate balance and mix of skills, knowledge, experience, age, gender and diversity of thought to foster constructive debate with a high level of independent thinking. Hence, the Board believes that its current composition has the appropriate level of balance and mix to enable it to make discussions in the best interests of the Company.

The Non-Executive Director and/or IDs constructively challenge and assist in the development of proposals on strategy, and assist the Committees and the Board in reviewing the performance of the management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Non-Executive Director and/or IDs will have discussions amongst themselves without the presence of management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Board Diversity

The Company has adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience, and knowledge to ensure that the Company has the opportunity to benefit from all available talents and to support the success of the Company.

The Company's Board Diversity Policy ("Policy") is set out to ensure that there is diversity on the composition of the Board.

The Company recognises the need and benefits of having diversity on the Board to enhance stewardship and decision-making abilities to be able to keep up with the fast-changing business environment. The Board should have a balance of skills, knowledge and experience so as to avoid groupthink and convergent of ideas.

A diverse Board consists of Directors of different ages, genders, lengths of service with varied skills and other relevant qualities considered necessary for the effective governance of the Board. The Board considers these qualities in determining the composition of the Board in order to ensure, to the extent possible, that the Board is adequately balanced.

CORPORATE GOVERNANCE REPORT

The Nominating Committee (“NC”) reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new directors. All appointments to the Board are based on merit and the NC will consider diversity factors including the candidate’s skills, knowledge, experience, age, gender, length of service and any other relevant factors.

The current Board comprises members who are business leaders, industry experts, and professionals with backgrounds in, accounting and finance, business, management and law. Furthermore, the Board has one (1) female Board member for FY2022.

Given the current size of the Board and nature of business, at present, the Board does not propose to set specific diversity targets to be met. However, the Board will strive to have one (1) member with relevant experience in the Group’s businesses or markets; and one (1) member with professional qualification in accounting or other professional background or discipline as may be determined by the Board to be necessary and/or beneficial to the Group. The Board also strives to have at least one (1) female Board member, in cognizance that gender is an important aspect of diversity.

The NC will review the Policy to assess its relevance and effectiveness and will make recommendations to the Board for its consideration and approval.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and management, and no one individual has unfettered powers of decision-making.

Chairman

The roles of the Chairman of the Board and CEO are undertaken by two different personnel who are not related to each other, and each has his own responsibilities to ensure that there is an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Following the recommendation of the NC and approval of the Board, Mr Max Ng Chee Weng was redesignated from his appointment as the Independent Director of the Company to the Non-Executive Independent Chairman of the Board with effect from 10 February 2022. As the Chairman of the Board, Mr Max Ng Chee Weng is responsible for:

- i. leading the Board to ensure its effectiveness on all aspects of its roles and setting its agenda;
- ii. ensuring that the Directors receive accurate, timely and clear information;
- iii. ensuring effective communication with shareholders;
- iv. encouraging constructive relations between the Board and management;
- v. facilitating the effective contribution of Non-Executive Directors;
- vi. encouraging constructive relations between Executive Directors and Non-Executive Directors;
- vii. promoting high standards of corporate governance; and
- viii. promoting a culture of openness and debate at the Board.

CORPORATE GOVERNANCE REPORT

CEO

The CEO, Mr Loo Leong Thye, focuses on managing the business and operations of the Company, in particular, driving the financial performance of the Company and execution of the strategic plans set out by the Board. He also ensures that the directors are kept updated and informed of the Company's business and operations.

The Company has appointed an independent Non-Executive Director, Mr Tan Han Beng, to be the Lead Independent Director (the "Lead ID") to enhance the independence of the Board and to assist the Chairman in the discharge of his duties when the need arises. He is also available to shareholders where they have concerns and for which contact through normal channels of the CEO or the CFO are inappropriate or inadequate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

Establishment, Composition and Membership of NC

The Company has the NC, which makes recommendations to the Board on all appointments and re-appointments to the Board and key management personnel. The NC meets at least once a year.

As at the date of this report, the NC comprises three (3) IDs, hence fulfilling the requirement that the NC be made up of at least three (3) Directors, the majority of whom, including the NC Chairman, are independent. The Lead ID is a member of the NC.

The membership of the NC is as follows:

Chairman:	Max Ng Chee Weng	(Non-Executive Independent Chairman)
Members:	Tan Han Beng	(Lead ID)
	Tan Chay Boon	(ID)

The NC has written terms of reference that describe the responsibilities of its members.

Responsibilities of NC

The responsibilities of the NC are:

- i. to review the nominations for the appointments and re-appointments of Directors;
- ii. to review the independence of the Directors on an annual basis, and as and when circumstances require;
- iii. to review the adequacy of each Director's contribution at meetings and his ability and capacity in carrying out the duties as a Director;
- iv. to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years;

CORPORATE GOVERNANCE REPORT

- v. to decide on how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- vi. to ensure that new Directors are aware of their duties and obligations;
- vii. the review of Board succession plans for Directors and key management personnel; and
- viii. review of training and professional development programmes for the Board.

Independence and Commitment of Directors

The NC determines on an annual basis, and as and when circumstance require, whether or not a Director is independent, for the purposes of the Code. The NC is of the view that the IDs are independent.

In assessing the performance of each individual Director, the NC considers whether he/she has multiple board representations and other principal commitments, and is able to and adequately carried out his/her duties as a Director notwithstanding such commitments. The NC is satisfied that sufficient time and attention to the affairs of the Company has been given by those Directors who have multiple board representations.

To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and the Board has determined and set the maximum number of listed company board appointments at not more than five (5) companies. Currently, none of the Directors holds more than five (5) directorships in listed companies.

Directors are encouraged to attend relevant training programmes conducted by the relevant institutions and organisations. The cost of such training will be borne by the Company.

Pursuant to the Constitution of the Company, at least one-third (1/3) of the Directors, are required to retire by rotation and submit themselves for re-election at each AGM of the Company. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years.

The NC has recommended to the Board that Mr Tan Wee Ko and Mr Tan Han Beng be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered the Director's overall contributions and performance.

Mr Tan Wee Ko will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Financial Officer of the Company.

Mr Tan Han Beng will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee, and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

CORPORATE GOVERNANCE REPORT

Selection and Appointment of New Directors

The Company does not have a formal process for the selection, appointment and re-appointment of new Directors to the Board. However, if required, the Company has procured or is able to procure search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced persons for nomination and appointment to the Board.

Key information on Directors

The date of initial appointment and last re-election of each Director, together with their listed companies' directorships and principal commitments in FY2022 and the last three (3) preceding years are set out below:

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments⁽¹⁾
Loo Leong Thye	69	Executive Director & CEO	14/01/1984	28/04/2021	<p>Present Directorships in other Listed Companies NIL</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years) NIL</p> <p>Present Directorships in Non-Listed Companies CBD eVision Pte Ltd Challenge Ventures Pte Ltd Challenger Holding (HK) Pte Ltd Valore (Shenzhen) Pte Ltd</p> <p>Past Directorships in Non-Listed Companies (in the last three (3) preceding years) Incall Systems Pte Ltd</p> <p>Other Principal Commitments NIL</p>

CORPORATE GOVERNANCE REPORT

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments ⁽¹⁾
Tan Wee Ko	53	Executive Director & CFO	30/04/2013	11/06/2020	<p>Present Directorships in other Listed Companies NIL</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years) NIL</p> <p>Present Directorships in Non-Listed Companies CBD eVision Pte Ltd Challenge Ventures Pte Ltd Incall Systems Pte Ltd Challenger Holding (HK) Pte Ltd ChuGo Pte. Ltd. Kingdom Technologies Pte. Ltd. ITEZ.SG Pte. Ltd. Hachi.Tech Pte. Ltd.</p> <p>Past Directorships in Non-Listed Companies (in the last three (3) preceding years) NIL</p> <p>Other Principal Commitments NIL</p>
Max Ng Chee Weng	52	Non-Executive Independent Chairman	12/01/2006	26/04/2022	<p>Present Directorships in other Listed Companies NIL</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years) Alpha DX Group Limited</p>

CORPORATE GOVERNANCE REPORT

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments ⁽¹⁾
					<p>Present Directorships in Non-Listed Companies</p> <p>Please refer to Appendix A of the Corporate Governance Report.</p> <p>Past Directorships in Non-Listed Companies (in the last three (3) preceding years)</p> <p>Almond Innovations Pte. Ltd.</p> <p>BelleKimia Singapore Pte. Ltd.</p> <p>Discoperi Pte. Ltd.</p> <p>Finscore Pte. Ltd.</p> <p>Hillmorton Pte. Ltd.</p> <p>Infoserve Holdings Pte. Ltd.</p> <p>Laume International Resorts Pte. Ltd.</p> <p>Mitik Nature Pte. Ltd.</p> <p>Pay All Lifestyle Network Pte. Ltd.</p> <p>Sintech CLC Pte. Ltd.</p> <p>Tradeways Pte. Ltd.</p> <p>DMPH Holdings Pte. Ltd.</p> <p>Aurora Global Investment Pte. Ltd.</p> <p>Dawei LNG Terminal Holding Pte Ltd</p> <p>Dawei Power Holding Pte Ltd</p> <p>Dawei Residence Holding Pte Ltd</p> <p>Dawei Telecom Holding Private Limited</p> <p>Myandawei Industrial Estate Holding Pte Ltd</p>

CORPORATE GOVERNANCE REPORT

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments ⁽¹⁾
					Thai International Industrial Estate Development Thai Power Development Private Limited Thai Telecom Development Private Limited Other Principal Commitments NIL
Tan Han Beng	48	Lead Independent Director	01/03/2013	28/04/2021	Present Directorships in other Listed Companies Don Agro International Limited Old Chang Kee Ltd Past Directorships in other Listed Companies (in the last three preceding years) NIL Present Directorships in Non-Listed Companies NIL Past Directorships in Non-Listed Companies (in the last three preceding years) NIL Other Principal Commitments NIL
Tan Chay Boon	63	Independent Director	01/03/2013	28/04/2021	Present Directorships in other Listed Companies NIL Past Directorships in other Listed Companies (in the last three (3) preceding years) NIL

CORPORATE GOVERNANCE REPORT

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments ⁽¹⁾
					<p>Present Directorships in Non-Listed Companies NIL Past Directorships in Non-Listed Companies (in the last three (3) preceding years) NIL</p> <p>Other Principal Commitments NIL</p>
Tan Keng Soon	51	Non-Executive Non-Independent Director	29/11/2021	26/4/2022	<p>Present Directorships in other Listed Companies Penguin International Limited</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years) NIL</p> <p>Present Directorships in Non-Listed Companies Emet Grace Ltd Dymon Asia Private Equity (Singapore) Pte. Ltd. Dymon Asia Capital Ltd HSL Constructor Pte. Ltd. Select Group Pte. Ltd. EDC@SCCCI Pte. Ltd. Digileap Capital Limited Lotto Investment Pte. Ltd. DAPE Ltd. International Culinary Management Ltd. Dymon Asia Private Equity Management Consulting (Malaysia) Sdn. Bhd. Dymon Asia Private Equity (S.E. Asia) Ltd</p>

CORPORATE GOVERNANCE REPORT

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments ⁽¹⁾
					Dymon Asia Private Equity (S.E. Asia) 2012 Ltd Dymon Asia Private Equity (S.E. Asia) II Ltd Dymon Asia Private Equity (S.E. Asia) 2017 LLC Dymon Asia Private Equity (S.E. Asia) Fund II Pte. Ltd. Dymon Asia Private Equity (S.E. Asia) III Ltd Dymon Asia Private Equity (S.E. Asia) 2022 LLC Dymon Asia Private Equity (S.E. Asia) Fund III Pte. Ltd Chye Thiam Maintenance Pte. Ltd. Hanaan Health Group NewMedCo Group Ltd SL Vista Group Ltd Past Directorships in Non-Listed Companies (in the last three (3) preceding years) Dymon Asia Capital (Singapore) Pte. Ltd. Sanjuro United Pte. Ltd. Skycrane Pte. Ltd. Other principal Commitments Vice-Chairman of The Yellow Ribbon Fund

Note:

- (1) The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

CORPORATE GOVERNANCE REPORT

For other key information of each Director, please refer to the section titled "Profile of Board of Directors" in the Annual Report for their individual profiles.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Committees and individual Directors.

Formal assessment of the effectiveness of the Board and contribution of each Director

The NC has adopted processes for the evaluation of the Board and the Committees' performance and effectiveness as a whole, and of each Committee separately, as well as the contributions of individual Directors, based on an objective performance criteria approved by the Board. The NC assesses the Board's effectiveness as a whole as well as on each individual Director by completing an assessment checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the management. The NC collates the results of these assessment checklists and formally discusses the results collectively with other Directors of the Board to address any areas for improvement. Other objective performance criteria include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at Board and Committee meetings, guidance provided to the management and attendance record.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of each Director and the Board as a whole has been satisfactory.

Remuneration Matters

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Establishment, Composition and Membership of RC

The Company has the RC, which makes recommendations to the Board on the framework of remuneration and the specific remuneration packages for each Director and the CEO.

As at the date of this report, the RC comprises three (3) IDs, hence fulfilling the requirement that the RC be made up of at least three (3) Non-Executive Directors, the majority of whom, including the RC Chairman, are independent. The Lead ID is a member of the RC.

The membership of the RC is as follows:

Chairman:	Max Ng Chee Weng	(Non-Executive Independent Chairman)
Members:	Tan Han Beng	(Lead ID)
	Tan Chay Boon	(ID)

The RC has written terms of reference that describe the responsibilities of its members.

CORPORATE GOVERNANCE REPORT

Responsibilities of RC

The responsibilities of the RC are:

- i. to recommend to the Board a framework of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind;
- ii. to recommend specific remuneration packages for each Director, including the CEO;
- iii. to review the remuneration of key management personnel;
- iv. to consider all aspects of remuneration, including termination terms, to ensure that they are fair; and
- v. to review the level and structure of remuneration to align with the long-term interest and risk policies of the Company in order to attract, retain and motivate the Directors and key management personnel.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2022.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Appropriate remuneration to attract, retain and motivate Directors

The remuneration, including incentive bonuses of the Executive Director and CEO, Mr Loo Leong Thye, is based on a service agreement made on 15 September 2003, as disclosed in the Company's IPO prospectus dated 5 January 2004. The service agreement was for an initial term of three (3) years and is automatically renewed for successive terms of two (2) years each after the initial term on such terms and conditions as the CEO and the Company may agree. Either of the CEO or the Company may terminate the relevant service agreement by giving three (3) months' written notice or payment in lieu thereof.

The Company has also entered into a service agreement with the Executive Director and CFO, Mr Tan Wee Ko, on 1 January 2014 for an initial term of three (3) years and is automatically renewed for successive terms of two (2) years each on such terms and conditions as may be mutually agreed.

The remuneration of the Executive Directors includes a Director's fee, a fixed salary and a variable performance-related bonus which is designed to align the interests of the Directors with those of shareholders. Revisions to the terms of the service agreements are subject to review by the RC (taking into consideration the employment conditions within the IT industry and comparable companies), which then recommends the same to the Board for their consideration and approval.

CORPORATE GOVERNANCE REPORT

Independent Directors are each paid a Director's fee for their effort and time spent, responsibilities and contributions to the Board, subject to the approval of shareholders at the Company's AGMs.

All revisions to the remuneration packages for the Directors and key management personnel are subject to review by and approval of the Board and are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company. Each member of the RC will abstain from reviewing and approving his or her own remuneration and the remuneration packages of persons related to him/her.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Directors' Remuneration

Breakdown of remuneration of each Director by % for FY2022 is as shown:

Remuneration Band & Name of Directors	Fixed Salary	Directors' Fees	Allowance & Others	Variable or Performance Related Income/Bonus	Total
<i>S\$750,000 to S\$799,999</i>					
Loo Leong Thye	57%	4%	1%	38%	100%
<i>S\$500,000 to S\$549,999</i>					
Tan Wee Ko	53%	6%	10%	31%	100%
<i>Below S\$50,000</i>					
Max Ng Chee Weng	-	100%	-	-	100%
Tan Han Beng	-	100%	-	-	100%
Tan Chay Boon	-	100%	-	-	100%

Remuneration of Key Executives

The remuneration of its top five (5) key management personnel (who are not Directors or the CEO) for FY2022 is as shown:

Remuneration Band & Name of Key Management Personnel	Fixed Salary	Allowance & Others	Variable or Performance Related Income/Bonus	Total
<i>S\$250,000 to S\$500,000</i>				
Loo Pei Fen	68%	15%	17%	100%
<i>Below S\$250,000</i>				
Ng Kian Teck	82%	11%	7%	100%
Seah Chin Tiong	87%	13%	-	100%
Yong Kim Hon	79%	14%	7%	100%
Lim Chiang Wei	76%	18%	6%	100%

CORPORATE GOVERNANCE REPORT

The Company has not disclosed the exact details of the remuneration of each individual Director and key management personnel as the Company operates in a highly competitive industry. Therefore, the disclosure of the exact details of the remuneration of each individual Director and key management personnel would adversely impact the Company's operations and business due to the sensitive nature of such information. The Company has instead disclosed in this report the level and mix remuneration, in percentage terms by bands of S\$50,000, of the Executive Directors and CEO into various categories of compensation, namely, fixed salary, Directors' fees, allowance and others, and variable or performance related income. The level and mix remuneration of the top five (5) named key management personnel (who are not Directors or CEO), in percentage terms in bands of S\$250,000 are also disclosed in this report.

The annual aggregate remuneration paid to the top five (5) key management personnel of the Company (who are not Directors or the CEO) for FY2022 is S\$1,160,000.

The remuneration of Ms. Loo Pei Fen, the daughter of the Company's CEO, Mr. Loo Leong Thye, falls within the band of S\$300,000 to S\$400,000 during FY2022. Save as disclosed, there are no other employees who are immediate family members of a Director and whose remuneration exceeds S\$100,000.

Other than a fixed salary component, Executive Directors and the top five (5) management personnel are given variable performance related bonus which will take into account the profitability of the Company, contributions from the individuals and the scope of responsibilities assigned to those individuals. The total remuneration given to these individuals aims to attract, retain and motivate them so as to achieve sustainability and business growth.

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. However, such systems are designed to manage rather than eliminate completely the risk of failure to business objectives. It should also be noted that any system could only provide reasonable and not absolute assurance against material misstatement, losses or fraud.

The Board approves, and reviews at least on an annual basis, the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The Board has approved a group risk management framework for the identification of key risks within the business which is aligned with the ISO 31000:2018 Risk Management Framework.

CORPORATE GOVERNANCE REPORT

The AC is responsible for overseeing risk governance and the related roles and responsibilities of the AC on risk governance include the following:

- i. proposing the risk governance approach and risk policies for the Group to the Board;
- ii. reviewing the risk management methodology adopted by the Group;
- iii. reviewing the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by management; and
- iv. reviewing management's assessment of risks and management's action plans to mitigate such risks.

As per its usual practice, the management presented an annual report to the AC and the Board on the Group's risk profile, the status of risk mitigation action plans and the results of various assurance activities carried out on the adequacy of the Group's internal controls including financial, operational, compliance and information technology controls. Such assurance activities include controlled self-assessment performed by the management, internal and external audits conducted by external professional service firms.

The Board has obtained a written confirmation from the CEO, CFO and where necessary the key management personnel:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) regarding the adequacy and effectiveness of the Group's risk management systems and internal control systems.

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the management, various Committees and the Board, the AC and the Board are satisfied that the Group's risk management framework and internal controls including financial, operational, compliance and information technology controls, were adequate and effective for FY2022 to address the risks which the Group considers relevant and material to its current business environment and scope of operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard or against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an AC which discharges its duties objectively.

Establishment, Composition and Membership of AC

The Company has the AC, which reports to the Board on all matters requiring audit in respect of the Company.

As the date of this report, the AC comprises three (3) IDs, hence fulfilling the requirement that the AC be made up of at least three (3) Non-Executive Directors, the majority of whom, including the AC Chairman, are independent. At least two (2) members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC does not comprise former partners or directors of the Company's existing auditing firm: (a) within a period of two (2) years commencing on the date of their ceasing to be a partner or director of the auditing firm; and in any case, (b) for as long as they have any financial interest in the auditing firm.

The membership of the AC is, as follows:

Chairman:	Tan Han Beng	(Lead ID)
Members:	Max Ng Chee Weng	(Non-Executive Independent Chairman)
	Tan Chay Boon	(ID)

The AC has written terms of reference that clearly set out its authority and duties.

Responsibilities of AC

The responsibilities of the AC are:

- i. to review the half yearly and full year financial statements and the accompanying statements presented for approval, before endorsement by the Board so as to ensure the integrity of the information to be released;
- ii. to review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function of the Group and its cost effectiveness, and the independence and objectivity of the external auditors;
- iii. to review the nature and extent of non-audit services by the external auditors, when necessary and to seek a balance in the maintenance of objectivity;
- iv. to review significant financial reporting issues and judgements to ensure the integrity of financial statements of the Company and any formal announcements relating to the Company's financial performance;
- v. to review the assurance from the CEO and the CFO on the financial records and financial statements;

CORPORATE GOVERNANCE REPORT

- vi. to review at least annually the adequacy of the Company's internal controls and risk management systems including financial, operational, compliance and information technology controls established by the management;
- vii. to review and ratify all interested person transactions, if any, to ensure that they comply with the approved internal control procedures and have been conducted on an arm's length basis;
- viii. to meet with the internal auditors and external auditors without the presence of the management at least once a year; and
- ix. to make recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors.

The members of the AC have sufficient financial management expertise, as determined by the Board in its business judgment, to discharge the AC's functions.

Summary of the AC's activities

The AC met two (2) times during the year under review. Details of members' attendance at the meetings are set out in Principle 1 above. The CEO, CFO, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of senior management level are also invited to attend as appropriate to present reports.

The AC has met with the external auditors and the internal auditors, without the presence of the management in FY2022.

The AC met on a half-yearly basis and reviewed the half yearly and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and AC report presented by the external auditors. The external auditors provide regular updates and periodic briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The AC also reviewed the annual financial statements and discussed with the management, the CFO, and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual financial statements. Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

The aggregate amount of fees paid to the external auditors and other independent auditors for FY2022 was approximately S\$241,000. The audit fees to the external auditors amounted to approximately S\$172,000 and non-audit fees (in connection with the provision of income tax compliance work) amounted to approximately S\$30,000. The audit fees paid to the other independent auditors for FY2022 amounted to approximately S\$31,000 and non-audit fees (in connection with the provision of sustainability reporting and whistle blowing compliance work) amounted to approximately S\$8,000. The AC, having reviewed such non-audit services, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

CORPORATE GOVERNANCE REPORT

The Group confirms that it has complied with Rule 7.12 and 7.15 of the Listing Manual of the SGX-ST in relation to its auditing firms.

The AC has reviewed arrangements by which the staff of the Company may, in confidence, raise concerns about (such as possible improprieties in matters of financial reporting or other matters), with the object of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. In this regard, the AC had since adopted a whistle-blowing policy with effect from FY2007 and further enhanced in FY2014 (the "Whistle-Blowing Policy"). The AC oversees the administration of the Whistle-Blowing Policy. Periodic reports will be submitted to the AC stating the number and the complaints received, the results of the investigations, follow-up actions and unresolved complaints.

The Whistle-Blowing Policy encourages employees and external parties to raise concerns, in confidence, about possible irregularities to an independent third-party provider, Yang Lee and Associates ("YLA" or "IA"). During FY2022, there were no complaints, concerns or issues received.

Internal Audit

The Group outsources its internal audit function to a professional service firm, Yang Lee & Associates, that specialises in the provision of internal audit, Enterprise Risk Management and Sustainability Reporting Advisory services. YLA was set up in 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies in distribution, manufacturing, services, food and beverage, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The IA reports directly to the AC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the AC periodically. The AC approves the hiring, removal, evaluation and compensation of the IA. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that management provides the necessary co-operation to enable the IA to perform its function.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors Singapore.

The IA completed one review on the sustainability reporting process during FY2022 in accordance with the internal audit plan approved by the AC. The Board has adopted the recommendations of the IA set out in the internal audit report.

The AC annually reviews the effectiveness and adequacy of the internal audit function to ensure that the internal audits are performed effectively. The AC has reviewed and confirmed that IA is a suitable professional service firm to meet the Company's internal audit obligations, having regard to the adequacy of resources, independence and experience of the firm and the assigned engagement director, number and experience of the supervisory and professional staff assigned to internal audits.

The AC meets the external auditors and internal auditors without the presence of management at least once annually.

CORPORATE GOVERNANCE REPORT

Shareholder Rights and Engagement

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

In compliance with the prevailing rules of the Listing Manual of the SGX-ST, all resolutions will be voted on by way of poll at general meetings held on and after 1 August 2015. This will entail shareholders being invited to vote on each of the resolutions by poll, using polling slips (instead of voting by hands), thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all votes cast for, or against, each resolution will then be screened at the meeting and announced to the SGX-ST after the meeting.

Resolutions are as far as possible, structured separately and may be voted upon independently. Resolutions are passed at general meetings by poll.

The Company regards its AGM as an opportunity to communicate directly with shareholders and therefore encourages greater shareholder participation, whether in person or by proxy. The CEO, other Directors, and the external auditors have attended the one (1) shareholders' meeting convened in FY2022 to answer questions and address concerns from shareholders. The Company will release minutes of the shareholders' meeting on SGXNET if there are any material matters discussed that have not been previously disclosed to shareholders and such minutes are also available to shareholders upon their request.

The Annual Report, Notice of AGM and Proxy Form will be made available to shareholders by electronic means via publication on SGXNET and the Company's corporate website (www.challengerasia.com). The forthcoming AGM to be held in respect of FY2022 will be held in a wholly physical format, at 1 Ubi Link, Challenger TechHub, Singapore 408553.

The Company's Constitution allows all shareholders to appoint proxy/proxies to attend general meetings and vote on his/her/their behalf.

The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Company and does so through:

- i. annual reports issued to all shareholders. Non-shareholders may access the SGX website for copies of the Company's annual reports;
- ii. half-yearly and full-year announcements of its financial statements on the SGXNET;
- iii. other announcements on the SGXNET;
- iv. media releases on major developments regarding the Company; and
- v. the Company's website at www.challengerasia.com through which shareholders can access information on the Company.

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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.

The Company has specifically entrusted an investor relations team comprising the CEO and the CFO with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. The Company's key stakeholders have been identified in the Sustainability Report, which comprise communities, customers, employees, regulators, shareholders and vendors. These stakeholders can have an impact on and can also be impacted by the Group's business and operations. The concerns of the stakeholders are addressed so as to improve operational standards, as well as to sustain business operations for long term growth and sustainability.

The Sustainability Report also outlines how relationships with these key stakeholders are managed. Please refer to the Company's Sustainability Report 2022 of this Annual Report for more information.

Securities Transactions by Officers and Employees

In compliance with Rule 1207(19) as set out in the Listing Manual of the SGX-ST on dealings in securities, the Company, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in the possession of unpublished price-sensitive information. The Company prohibits dealings in its shares by its officers and employees during the period commencing one (1) month before the announcement of the Company's half- and full-year results, and ending on the date of the announcement of the results.

Interested Person Transactions ("IPTs")

When a potential conflict of interest arises, the Director concerned does not participate in discussion and refrains from exercising any influence over the other members of the Board.

The Company has established internal control polices to ensure that IPTs are properly reviewed and approved and are conducted at arm's length basis.

There were no individual interested person transactions above S\$100,000, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into during FY2022.

CORPORATE GOVERNANCE REPORT

Use of proceeds

The Company had previously raised S\$32.75 million in net proceeds (after the deduction of related expenses of S\$50,000) (the "Net Proceeds") from the share subscription of 56,551,724 new ordinary shares at an issue price of \$0.58 per share in the Company, which was completed on 1 November 2021.

As at the date of this report, the Net Proceeds have been utilized as follows:

Use of Proceeds	Allocation of Net Proceeds Received S\$	Amount Utilised S\$	Balance S\$
Strategic investments and mergers & acquisitions	16,375,000	NIL	16,375,000
Product and business development, and expansion of business	16,375,000	3,300,000	14,075,000
Total	32,750,000	3,300,000	30,450,000

The above utilization is in accordance with the intended use of Net Proceeds, as stated in the Company's announcement dated 13 October 2021.

Material Contracts

There were no material contracts entered into by the Company during FY2022 or still subsisting as at 31 December 2022 which involved the interests of any of the Directors, CEO or controlling shareholders of the Company.

CORPORATE GOVERNANCE REPORT

This Appendix A provides for Mr Max Ng Chee Weng's present directorships in non-listed companies.

List of present directorships in non-listed companies:

1. Achilles Sports Pte. Ltd.
2. Advantage Property Services Pte. Ltd.
3. Amaroo Blackdown Investments Pte. Ltd.
4. Aryaka Networks Singapore Pte. Ltd.
5. Avid Sports Singapore Pte. Ltd.
6. Cronus Sports Pte. Ltd.
7. Euro Moto Sport Pte. Ltd.
8. Eurobikes Trading Company Pte. Ltd.
9. Finscore Pte. Ltd.
10. Full Prospect (IP) Pte. Ltd.
11. Gateway Corporate Services Pte. Ltd.
12. Gateway IP Services Sdn. Bhd.
13. Gateway Law Corporation
14. Hebe Fashions Pte. Ltd.
15. HGB Region Pte. Ltd.
16. Kingkow (IP) Pte. Ltd.
17. Kolon Sport China (IP) Pte. Ltd.
18. La Plantation Management Pte. Ltd.
19. LNG Plus International (Singapore) Pte. Ltd.
20. Lukela Pte. Ltd.
21. Marine Stewardship Council Asia Ltd.
22. McLarty Asia Pte. Ltd.
23. MOBH Holding Pte. Ltd.
24. Motive Force Sports Products (Singapore) Pte. Ltd.
25. Oatly APAC Pte. Ltd.
26. Oatly Pte. Ltd.
27. Oatly Singapore Operations & Supply Pte. Ltd.
28. Osotspa Enterprises Singapore Pte. Ltd.
29. Oventure Pte. Ltd.
30. SLTI Pte. Ltd.
31. Development Private Limited
32. Wing (Cambodia) Pte. Ltd.
33. Xcoal Energy & Resources Singapore Pte. Ltd.
34. Xnergy & Resources Pte. Ltd.

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 \$'000	2021 \$'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 ("S\$") 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 \$'000	2021 \$'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 \$'000	2021 \$'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					
	32,171	12	(1,264)	(2,402)	28,517
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					
	37,105	(23)	336	817	38,235
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

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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

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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

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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
	<u>8</u>	<u>1</u>

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
	<u>9,874</u>	<u>17,771</u>
	Number '000	Number '000
Denominators: Weighted average number of equity shares Basic and diluted	401,760	354,633
	<u>401,760</u>	<u>354,633</u>

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
			<u>11,249</u>	<u>9,321</u>

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> <u>\$'000</u>	<u>Renovations</u> <u>\$'000</u>	<u>Plant & equipment</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<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

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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

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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
	32,662	35,763	32,685	35,762
Inventories are stated after allowance. Movements in allowance:				
Balance at beginning of the year (Reversed)/Charged to profit or loss included in other gains/(losses) (Note 6)	244	24	244	24
Used	(37)	220	(37)	220
	4	–	4	–
Balance at end of the year	211	244	211	244
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.

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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.

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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.

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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
	<u>5,080</u>	<u>4,590</u>	<u>4,935</u>	<u>4,496</u>

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	<u>101,663</u>	<u>73,735</u>	<u>99,655</u>	<u>73,735</u>

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

<u>Group</u>	2021 \$	Cash flows \$	Non-cash Changes \$	2022 \$
Lease liabilities	24,717	(15,500)	18,591 ^(a)	<u>27,808</u>

	2020 \$	Cash flows \$	Non-cash Changes \$	2021 \$
Lease liabilities	27,922	(14,894)	11,689 ^(a)	<u>24,717</u>

(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

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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.

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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

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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

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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	2,228	1,815
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	1,816	1,249
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	<u>2,415</u>	<u>2,388</u>

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
<u>Trade payables:</u>				
Outside parties and accrued liabilities	11,633	14,670	11,591	14,225
Trade payables – subtotal	<u>11,633</u>	<u>14,670</u>	<u>11,591</u>	<u>14,225</u>
<u>Other payables:</u>				
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	<u>3,725</u>	<u>3,055</u>	<u>4,870</u>	<u>5,470</u>
Total trade and other payables	<u>15,358</u>	<u>17,725</u>	<u>16,461</u>	<u>19,695</u>

28. Contingent liabilities

	Company	
	2022	2021
	\$'000	\$'000
Undertaking to support a subsidiary in deficit	<u>1,915</u>	<u>1,920</u>

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>				
<u>Financial assets</u>				
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>				
<u>Financial liabilities</u>				
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

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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.

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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>				
	Less than 1 year \$	1 – 3 years \$	3 – 5 years \$	Total \$
<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	Dollar 2021 \$'000	United States Dollar 2022 \$'000	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.

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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 SFRS (I) 9	Onerous Contracts – Costs of Fulfilling a Contract – Amendments 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
	9,238	9,238		
<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.

STATISTICS OF SHAREHOLDINGS

As at 10 March 2023

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	67	6.84	2,046	0.00
100 – 1,000	122	12.45	78,762	0.02
1,001 – 10,000	375	38.26	1,885,233	0.47
10,001 – 1,000,000	401	40.92	28,644,629	7.13
1,000,001 AND ABOVE	15	1.53	371,149,015	92.38
TOTAL	980	100.00	401,759,685	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LOO LEONG THYE	148,352,250	36.93
2	NG LEONG HAI	83,067,500	20.68
3	DBS NOMINEES (PRIVATE) LIMITED	75,281,530	18.74
4	ONG SOCK HWEE	36,633,250	9.12
5	LIM YEW HOE	5,428,050	1.35
6	LOO PEI FEN (LU PEIFEN)	4,492,500	1.12
7	WANG TONG PENG @WANG TONG PANG	3,312,599	0.82
8	CITIBANK NOMINEES SINGAPORE PTE LTD	2,731,940	0.68
9	WONG TONG LIEW	2,700,000	0.67
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,156,897	0.54
11	TAN WEE KO	1,788,000	0.45
12	LAW KIM HONG ROSALIND	1,496,499	0.37
13	NG KWONG CHONG OR LIU OI FUI IVY	1,300,000	0.32
14	LUR AIK BENG	1,208,000	0.30
15	NG KIAN TECK	1,200,000	0.30
16	HENG TOCK HIN ANTHONY	880,999	0.22
17	LOH TEE YANG	800,099	0.20
18	PHILLIP SECURITIES PTE LTD	789,648	0.20
19	CHOONG KIEN SIONG	786,000	0.20
20	LIM KIM HUAY	659,900	0.16
TOTAL		375,065,661	93.37

STATISTICS OF SHAREHOLDINGS

As at 10 March 2023

Substantial Shareholders

Name Of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Loo Leong Thye	148,352,250	36.93%	41,764,600	10.40%
Ng Leong Hai	83,067,500	20.68%	-	-
Ong Sock Hwee	36,633,250	9.12%	-	-

* Mr Loo Leong Thye is deemed to be interested in the 5,131,350 shares held by his daughter and son, and 36,633,250 shares held by his wife, Madam Ong Sock Hwee.

Percentage of Shareholdings in Public Hands

Based on the information available to the Company as at 10 March 2023, approximately 13.82% of the issued ordinary shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

CHALLENGER TECHNOLOGIES LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No: 198400182K

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CHALLENGER TECHNOLOGIES LIMITED (the "**Company**") will be held at 1 Ubi Link, Challenger TechHub, Singapore 408553 on Wednesday, 26 April 2023 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2022 together with the report of the Auditors and the Statement by the Directors.
(Resolution 1)
2. To declare a final tax exempt (one-tier) dividend of 1.25 Singapore cents per ordinary share for the financial year ended 31 December 2022.
(Resolution 2)
3. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - (a) Mr Tan Wee Ko **(Resolution 3)**
 - (b) Mr Tan Han Beng **(Resolution 4)**

[See Explanatory Note (1)]
4. To approve the payment of Directors' fees of S\$200,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears.
(Resolution 5)
5. To re-appoint RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)
6. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:-

7. That pursuant to Section 161 of the Companies Act 1967, and the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to allot and issue shares or convertible securities or exercise of any share option or vest any share award outstanding or subsisting from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities which may be issued pursuant to such authority shall not exceed fifty per cent (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities which may be issued other than on a pro-rata basis to the existing Shareholders of the Company shall not exceed twenty per cent (20%) of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given 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 any subsequent consolidation or subdivision of shares) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (2)]

(Resolution 7)

BY ORDER OF THE BOARD

CHIA FOON YEOW
Company Secretary
4 April 2023

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (1) Mr Tan Wee Ko will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Financial Officer of the Company.

Mr Tan Han Beng will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee, and the Board considers him, as the Lead Independent Director, to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Detailed information on Mr Tan Wee Ko and Mr Tan Han Beng, who are proposed to be re-elected as Directors of the Company, can be found under sections titled "Profile of Board of Directors" and "Additional Information on Directors Seeking Re-Appointment" in the Company's Annual Report for the financial year ended 31 December 2022.

- (2) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing Shareholders pursuant to this Resolution shall not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company. The percentage of the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time the proposed Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion or exercise of convertible securities or exercise of share options or vesting of awards outstanding or subsisting at the time the proposed Ordinary Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a General Meeting, expire at the next Annual General Meeting of the Company.

NOTES:

- (i) The Annual General Meeting is being convened and will be in a wholly physical format, at 1 Ubi Link, Challenger TechHub, Singapore 408553 on Wednesday, 26 April 2023 at 10.00 a.m., pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of the Annual Report, this Notice of Annual General Meeting and proxy form will not be sent to members. Instead, the Annual Report, Notice of Annual General Meeting and proxy form will be available to members via publication on the Company's website at the URL www.challengerasia.com. This Notice of Annual General Meeting is also available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (ii) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.
- (iii) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- (iv) "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.
- (v) A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

- (vi) The proxy form may be accessed at the Company's website at the URL www.challengerasia.com, on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

The proxy form can be submitted in the following manner:

- (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, be received by the Company's Share Registrar at srs.teamd@boardroomlimited.com.

in either case, by 10.00 a.m. on 23 April 2023.

- (vii) If a member is a corporation, the instrument appointing the relevant member's proxy must be under its common seal or the hand of its attorney or a duly authorised officer.
- (viii) CPF and SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2023, being seven (7) working days before the Annual General Meeting.
- (ix) Members may also submit questions relating to the resolutions to be tabled for approval at the Annual General Meeting in advance of the Annual General Meeting. All questions must be submitted by 10.00 a.m. on 12 April 2023 by completing the Question Form provided on the Company's website at the URL www.challengerasia.com and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and sending the same in hard copy by post to the office of Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 or electronically via email to srs.teamd@boardroomlimited.com. The Company shall address substantial queries received from Shareholders by publishing the responses on the Company's website and on the SGX website.

A member who wishes to submit the Question Form must first download, complete and sign the form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. To ensure that the questions are received by the Company by the stipulated deadline, members are strongly encouraged to submit completed forms electronically via email.

- (x) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited seventy-two (72) hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the above Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the above Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the above Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, we set out below the additional information on Mr Tan Wee Ko and Mr Tan Han Beng who are seeking re-election as Directors at the forthcoming Annual General Meeting. The information shall be read in conjunction with their respective biographies in the Annual Report.

	Mr Tan Wee Ko	Mr Tan Han Beng
Date of last re-appointment	11/06/2020	28/04/2021
Age	53	48
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The re-election of Mr Tan as a Executive Director of the Company was recommended by the Nominating Committee (NC) and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr Tan has abstained from the deliberation of the Board pertaining to his re-election.</p>	<p>The re-election of Mr Tan as a Non-Executive and Independent Director of the Company was recommended by the Nominating Committee (NC) and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr Tan has abstained from the deliberation of the NC as well as that of the Board pertaining to his re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive Director & CFO	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Non-Executive and Lead Independent Director, Chairman of the Audit Committee, Member of the Nominating Committee and Remuneration Committee
Professional qualifications	<ul style="list-style-type: none"> · Bachelor in Accountancy, Nanyang Technological University · Master of Business Administration, University of Adelaide · Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants · Fellow Certified Practising Accountant with the CPA Australia 	<ul style="list-style-type: none"> · Chartered Accountant (Singapore)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Tan Wee Ko	Mr Tan Han Beng
Working experience and occupation(s) during the past 10 years	Please refer to Mr Tan's biography set out under the section "Profile of Board of Directors" of the Annual Report.	Please refer to Mr Tan's biography set out under the section "Profile of Board of Directors" of the Annual Report.
Shareholding interest in the Company and its subsidiaries	Mr Tan has a direct interest in 1,788,000 shares in the Company.	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the Company or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes
OTHER PRINCIPAL COMMITMENTS INCLUDING DIRECTORSHIPS		
Past (for the last 5 years)	None	None
Present	None	Don Agro International Limited Old Chang Kee Ltd
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Tan Wee Ko	Mr Tan Han Beng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Tan Wee Ko	Mr Tan Han Beng
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Tan Wee Ko	Mr Tan Han Beng
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Tan Wee Ko	Mr Tan Han Beng
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

CHALLENGER TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No: 198400182K

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

1. The Annual General Meeting is being convened, and will be held in a wholly physical format, at 1 Ubi Link, Challenger TechHub, Singapore 408553 on Wednesday, 26 April 2023 at 10.00 a.m., pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.**
2. Printed copies of the Annual Report, Notice of Annual General Meeting and this proxy form will not be sent to members. Instead, the Annual Report, Notice of Annual General Meeting and this proxy form will be available to members via publication on the Company's website at the URL www.challengerasia.com, on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. The Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2023.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2023.
5. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Annual General Meeting as a member's proxy to vote on his/her/its behalf at the Annual General Meeting.**

I/We, _____ NRIC/Passport/Co Reg Number _____
of _____ (Address)
being a member/members of the abovenamed Company, hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
*and/or				

or if no proxy is named, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held at 1 Ubi Link, Singapore 408553 on Wednesday, 26 April 2023 at 10.00 a.m., and at any adjournment thereof as indicated hereunder.

No.	Resolutions relating to:	No. of votes		
		For*	Against*	Abstain*
Ordinary Business				
1	Adoption of the Audited Financial Statements for the financial year ended 31 December 2022 together with the report of the Auditors and Statement by Directors.			
2	Payment of proposed final tax exempt (one-tier) dividend of 1.25 Singapore cents per ordinary share for the financial year ended 31 December 2022.			
3	Re-election of Mr Tan Wee Ko as a Director.			
4	Re-election of Mr Tan Han Beng as a Director.			
5	Approval of Directors' fees amounting to S\$200,000 for the financial year ending 31 December 2023 to be paid quarterly in arrears.			
6	Re-appointment of RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration.			
Special Business				
7	Authority to allot and issue new shares or convertible securities or exercise of any share option or vest any share award pursuant to Section 161 of the Companies Act 1967, and the Listing Manual of the SGX-ST.			

* Please indicate your vote "For", "Against", or "Abstain" with a tick (✓) within the box provided.

Dated this _____ day of _____, 2023.

Total number of shares held in:	
(a) CDP Register	
(b) Register of Members	



SIGNATURE(S) OF MEMBER(S) OR
COMMON SEAL OF MEMBER(S) OR
DULY AUTHORISED ATTORNEY/OFFICER OF MEMBER(S)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes to Proxy Form

1. Please insert the total number of shares held by the appointor. If the appointor has shares entered against his name in the Depository Register (as defined in Section 815F of the Securities and Futures Act 2001), the appointor should insert that number of shares accordingly. If the appointor has shares registered in his name in the Register of Members of the Company, the appointor should insert that number of shares accordingly. If the appointor has both shares entered against his name in the Depository Register and registered in his name in the Register of Members, the appointor should insert the aggregate number of shares respectively. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the appointor.
 2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in this proxy form.
 3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in this proxy form.
 4. "Relevant Intermediary" has the same meaning ascribed to it in Section 181(6) of the Companies Act 1967.
 5. A proxy need not be a member of the Company.
 6. The proxy form may be accessed via the SGX website at the URL <https://www.sgx.com/securities/company-announcements>, the Company's website at www.challengerasia.com.
 7. This proxy form must be submitted in the following manner:
 - (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower # 14-07, Singapore 098632; or
 - (b) if submitted electronically, be received by the Company's Share Registrar at srs.teamd@boardroomlimited.com, in either case, by 10.00 a.m. on 23 April 2023.
 8. A member who wishes to submit the proxy form must first download, complete, and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it via email to the email address provided above.
- Members are strongly encouraged to submit completed proxy forms electronically via email.**
9. Investors whose shares are held with relevant intermediaries (as defined in Section 181(6) of the Companies Act 1967) should approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. CPF/SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2023, being seven (7) working days before the Annual General Meeting.
 10. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
 11. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

General

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the Annual General Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2023.

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Affix
Postage
Here**

Challenger Technologies Ltd

c/o Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

14-07 Keppel Bay Tower

Singapore 098632



CHALLENGER TECHNOLOGIES LIMITED

Company Registration Number: 198400182K