



ANNUAL REPORT
2020

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CHIEF EXECUTIVE'S MESSAGE

In view of the uncertainties caused by the pandemic as well as global economic and geopolitical situations, the operating environment will remain challenging in 2021. We will need to be able to match up to shifting market trends and also manage our costs well.

DEAR FELLOW STAKEHOLDERS,

FY2020 has been a challenging year for all of us as we grapple with the pandemic which is still ongoing now. In Singapore, safe distancing measures and retail store closures during the Circuit Breaker period from April to June 2020 resulted in difficult operating conditions. Group revenue decreased by 18% to \$270.8 million—the lowest since FY2011. When the circuit breaker period started, we diverted all our retail sales to our e-commerce platform at www.hachi.tech. We were able to gear up our online operations quickly, which helped cushion the lack of retail revenue during that period. Our online sales grew by about 164% from the year before, making it the only business segment that grew during FY2020.

Sales returned to our stores after the circuit breaker period, allowing us to continue our retail expansion plans at viable locations. As mentioned in my message last year, we increased the number of Challenger PIT stores and converted some of our existing stores to the Challenger Mobile concept. Although 2020 disrupted our expansion pace, we still managed to open one new Challenger PIT store, one new Challenger Mobile store and expanded one of our existing Challenger stores after the circuit breaker period. To date, we have a total of 43 stores; six of these are Challenger PIT stores and another five are Challenger Mobile stores.

While net profit for the full year increased by 32% to \$23.3 million, this was only due to better product margins, receipt of government grants and lower operating expenses incurred as a result of store closures. In view of the uncertainties caused by the pandemic as well as global economic and geopolitical situations, the operating environment will remain challenging in 2021. We will need to be able to match up to shifting market trends and also manage our costs well.

A final tax-exempt one-tier dividend of 2.7 cents (FY2019: 1.5 cents) per ordinary share has been proposed, subject to shareholders' approval during the upcoming Annual General Meeting. This is an increase of 80% over the last financial year. The FY2020 proposed dividend payout amount approximates 40% (FY2019: 29%) 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



BOARD OF DIRECTORS

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 WEE KO

Executive Director and Chief Financial Officer

He 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.

MR TAN HAN BENG

Lead Independent Director

He 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. Han Beng was also with a Big Four accounting firm where he performed and led numerous financial, internal and special audit engagements.

MS TAN CHAY BOON

Independent Director

She 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 MAX NG CHEE WENG

Independent Director

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 is also a Fellow with the Singapore Institute of Arbitrators and the Asian Institute of Alternative Dispute Resolution, a Senior Fellow with the Bali International Arbitration and Mediation Center and an associate member with the Chartered Institute of Arbitrators. He also sits on the panel of arbitrators and mediators of the Asian International Arbitration Centre, and is an Associate Mediator with the Singapore Mediation Centre. He is also a Commissioner for Oaths and a Notary Public, and a member of the board diversity and appointments committee of the Singapore Institute of Directors.

He is listed as a leading lawyer in numerous publications such as Chambers Asia-Pacific, Legal 500, AsiaLaw Leading Lawyers and The International Who's Who of Business Lawyers.

KEY MANAGEMENT

MS LOO PEI FEN

Deputy Chief Executive Officer

Ms Loo first joined the Group in January 2004. She was appointed Deputy Chief Executive Officer on 1 November 2020 and oversees online sales, logistics, retail operations, corporate sales, loyalty program marketing, merchandising and public relations 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 WOON YOON SIONG

Group Chief Technology Officer

He joined the Group in September 2011 and oversees the IT Infrastructure and software systems. He holds a Master of Science in Computer & Information Sciences from the National University of Singapore. He is instrumental in the development of the Group's Enterprise Resource Planning and Point of Sales systems as well as the online marketplace, Hachi.tech.

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 SEAH CHIN TIONG

Managing Director – InCall Systems Pte Ltd

In 2001, he started InCall Systems, 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 YONG KIM HON

General Manager – Merchandising & Corporate Sales

Mr Yong joined the Group in 2003. He is in charge of merchandising and corporate sales of the Singapore 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

Bedok Point

799 New Upper Changi Road
#B1-05/09 Bedok Point
Singapore 467351

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

IMM

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

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

RETAIL FOOTPRINT

CHALLENGER SUPERSTORE (cont'd)

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

CHALLENGER MINI

Bukit Panjang Plaza

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

City Square Mall

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

Junction 8

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

Tampines Mall

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

Waterway Point

83 Punggol Central
#B1-26 Waterway Point
Singapore 828761

White Sands

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

CHALLENGER PIT

Aperia

12 Kallang Avenue
#01-05 Aperia
Singapore 339511

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

Singapore Post Centre

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

Heartland Mall

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

CHALLENGER MOBILE

Bedok Mall

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

The Seletar Mall

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

Westgate

3 Gateway Drive
#03-33 Westgate
Singapore 608532

West Coast Plaza

154 West Coast Road
#01-03 West Coast Plaza
Singapore 127371

Yew Tee Point

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

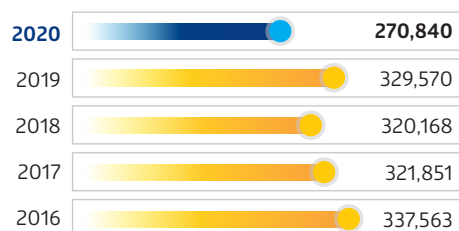
CHALLENGER MUSICA

ION Orchard

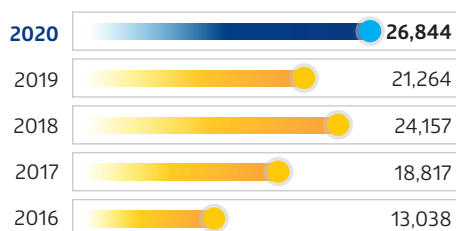
2 Orchard Turn
#04-26 ION Orchard
Singapore 238801

GROUP 5-YEAR FINANCIAL HIGHLIGHTS

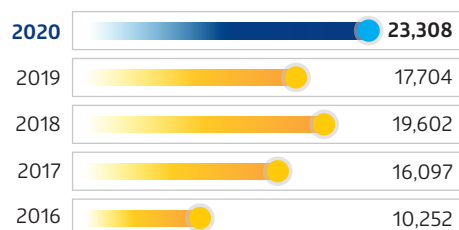
REVENUE (\$'000)



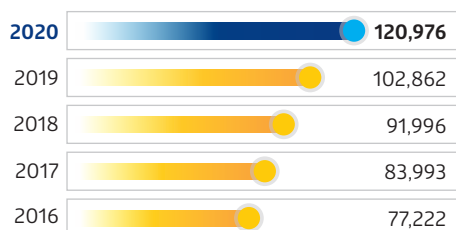
PROFIT BEFORE TAX (\$'000)



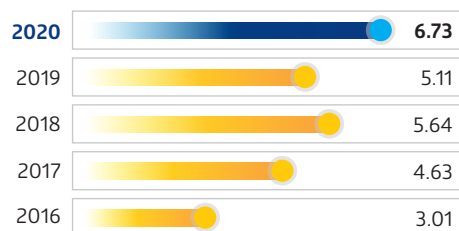
PROFIT AFTER TAX (\$'000)



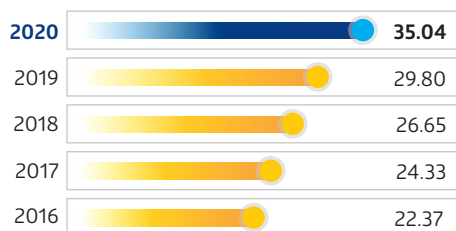
SHAREHOLDERS' FUNDS (\$'000)



EARNINGS PER SHARE (cents)



NET TANGIBLE ASSETS PER SHARE (cents)



	FY2020	FY2019	FY2018	FY2017	FY2016
KEY FINANCIAL RATIOS					
Net Profit Margin (%)	8.6	5.4	6.1	5.0	3.0
Inventory Turnover (days)	62	49	55	49	51
Trade Receivable Turnover (days)	8	7	12	9	5
Return on Equity (%)	19	17	21	19	13
Quick Ratio (times)	2.44	2.07	2.21	2.18	1.82
Current Ratio (times)	3.26	2.86	3.26	3.14	2.89

GROUP OPERATIONS REVIEW

	GROUP			Remarks
	31.12.2020 S\$'000	31.12.2019 S\$'000	Increase/ (Decrease) S\$'000	
REVENUE	270,840	329,570	(58,730)	Decrease in Group revenue was mainly due to absence of tradeshows, weaker performance from corporate sales and retail store closures during the Circuit Breaker period from April to June 2020.
Changes in Inventories	719	(3,300)	N.M.	Decrease in cost of goods purchased net off changes in inventories was in line with lower revenue recorded in FY2020.
Cost of Goods Purchased	(208,748)	(254,795)	(46,047)	
Other Consumables Used	(450)	(240)	210	
OTHER ITEMS OF INCOME				
Interest Income	860	1,272	(412)	Decrease in interest income was mainly due to lower interest rates from SGD fixed deposits placed with banks.
Other Gains	5,121	263	4,858	Increase in other gains was mainly due to receipts of grants from Government.
OTHER ITEMS OF EXPENSE				
Depreciation Expense	(1,760)	(2,207)	(447)	Decrease in depreciation expense was mainly due to fully depreciated plant and equipment.
Employee Benefits Expense	(21,173)	(24,293)	(3,120)	Decrease in employee benefits expense and other expenses was mainly due to lower manpower costs and rental expenses as a result of store closures during the Circuit Breaker period from April to June 2020.
Other Expenses	(18,145)	(24,572)	(6,427)	
Other Losses	(420)	(434)	(14)	
PROFIT BEFORE TAX	26,844	21,264	5,580	
Income Tax Expenses	(3,536)	(3,560)	(24)	
PROFIT NET OF TAX	23,308	17,704	5,604	

N.M. = not meaningful

GROUP OPERATIONS REVIEW

	GROUP		Increase/ (Decrease) S\$'000	Remarks
	31.12.2020 S\$'000	31.12.2019 S\$'000		
ASSETS				
NON-CURRENT ASSETS				
Other Financial Assets	6,296	5,449	847	
Property, Plant and Equipment	6,687	7,252	(565)	The decrease was due to depreciation expense and fully depreciated assets, partially offset by acquisition of equipment and renovation for new retail stores.
Right-of-use Assets	27,460	23,473	3,987	The increase was due to addition and renewal of leases in accordance with SFRS(I) 16 Leases
Total Non-Current Assets	40,443	36,174	4,269	
CURRENT ASSETS				
Inventories	35,320	34,491	829	Increase in inventories was mainly due to stock commitment.
Cash and Cash Equivalents	95,671	77,890	17,781	
Trade and Other Receivables	5,927	6,722	(795)	Decrease in trade and other receivables was mainly due to lower advance payments to suppliers.
Other Assets	4,504	5,351	(847)	Decrease in other assets was due to lower prepaid expenses and utilisation of rental deposits to offset against rental payment during Circuit Breaker period.
Other Financial Assets	-	765	N.M.	
Total Current Assets	141,422	125,219	16,203	
Total Assets	181,865	161,393	20,472	
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	18,775	18,775	-	
Retained Earnings	102,184	84,135	18,049	
Other Reserves	17	(48)	N.M.	
Total Shareholders' Funds	120,976	102,862	18,114	
Non-Controlling Interests	348	417	(69)	
Total Equity	121,324	103,279	18,045	

GROUP OPERATIONS REVIEW

	GROUP		Increase/ (Decrease) S\$'000	Remarks
	31.12.2020 S\$'000	31.12.2019 S\$'000		
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	17	17	-	
Lease Liabilities	14,847	12,284	2,563	Increase in lease liabilities was due to addition and renewal of leases in accordance with SFRS(I) 16 Leases.
Other Liabilities	2,241	2,035	206	Increase in other liabilities was due to higher deferment of revenue recognition from extended warranty.
Total Non-Current Liabilities	17,105	14,336	2,769	
CURRENT LIABILITIES				
Trade and Other Payables	17,417	19,988	(2,571)	Decrease in trade and other payables was mainly due to early settlement of trade payables.
Provisions	2,124	2,067	57	
Income Tax Payable	4,969	4,167	802	Increase in income tax payable was due to the automatic three-month deferment of corporate tax payment announced in the Resilience Budget in March 2020.
Lease Liabilities	13,075	11,403	1,672	Increase in lease liabilities was due to addition and renewal of leases in accordance with SFRS(I) 16 Leases.
Other Liabilities	5,851	6,153	(302)	Decrease in other liabilities was mainly due to lower deferment of the revenue recognition from membership admin fee and reward points granted to customers, partially offset by deferment of government grants to be received in March 2021.
Total Current Liabilities	43,436	43,778	(342)	
Total Liabilities	60,541	58,114	2,427	
Total Equity and Liabilities	181,865	161,393	20,472	

CORPORATE INFORMATION

BOARD OF DIRECTORS

LOO LEONG THYE

Executive Director and Chief Executive Officer

TAN WEE KO

Executive Director and Chief Financial Officer

TAN HAN BENG

Lead Independent Director

MAX NG CHEE WENG

Independent Director

TAN CHAY BOON

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.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

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

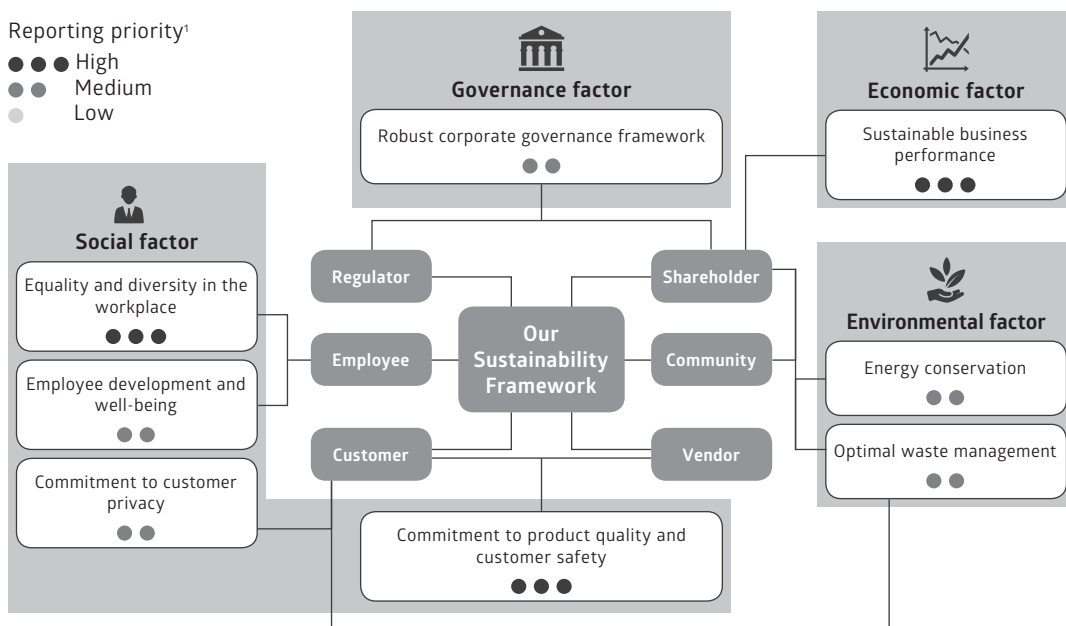
1. BOARD STATEMENT

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 our 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.

We work closely with our stakeholders, comprising communities, customers, employees, regulators, shareholders and vendors, in our value chain and their inputs drive our sustainability strategy. An overview of our Sustainability Factors by stakeholder is as follows:



¹ Reporting priority refers to the ranking assigned to each Sustainability Factor based on the level of concern to stakeholders and the significance of our impacts on the economy, environment and society. Refer to section 7.3 for further details.

SUSTAINABILITY REPORT

A summary of our sustainability performance in FY2020 is as follows:

S/N	Material factor and reporting priority	Sustainability performance	Our efforts
Economic			
1	Sustainable business performance ● ● ●	Although our revenue has declined to \$270.8 million, profit net of tax and final tax-exempt dividend declared increases to \$23.3 million and 2.7 cents per ordinary share	Create long-term economic value for shareholders through consistent profits, robust balance sheet and strong operating cash flows.
Environmental			
2	Energy conservation ● ●	There is a reduction in our energy consumption rate	Use of high-efficiency lighting and track electricity consumption trends regularly.
3	Optimal waste management ● ●	We adopt various initiatives to minimise the amount of waste generated	<ul style="list-style-type: none"> • Adopt reusable packaging designs for products under our house brands • Reuse and recycle used IT and related products • Move towards a paperless working environment.
Social			
4	Equality and diversity in the workplace ● ● ●	No material changes in our diversity ratios between FY2019 and FY2020.	Select employees based on merit and competency.
5	Commitment to product quality and customer safety ● ● ●	No reported incident of substandard products resulting in electrical accidents to our customers.	Evaluate key suppliers and perform safety checks on products received.
6	Commitment to customer privacy ● ●	No reported incident concerning breaches of customer privacy.	Ensure compliance with Personal Data Protection Act ("PDPA").

SUSTAINABILITY REPORT

S/N	Material factor and reporting priority	Sustainability performance	Our efforts
7	Employee development and well-being ● ●	<ul style="list-style-type: none"> • There is an increase in the average hours of training per full-time employee and a decrease in the average hours of training per part-time employee. • The percentage full-time and part-time employees who have received regular performance and career development reviews remains at 100%. 	Implement comprehensive training programs and conduct regular staff assessments.
Governance			
8	Robust corporate governance framework ● ●	<ul style="list-style-type: none"> • No reported incident of serious offence. • SGTI score is 73. 	Implement robust corporate governance practices and a risk management framework.

The Coronavirus disease 2019 (“COVID-19” or “Pandemic”) which was unforeseen and unprecedented has affected our operations. To counter the adverse impact of the Pandemic on our operations, we have channelled our efforts towards strategic planning, cost and human resource management. We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report.

SUSTAINABILITY REPORT

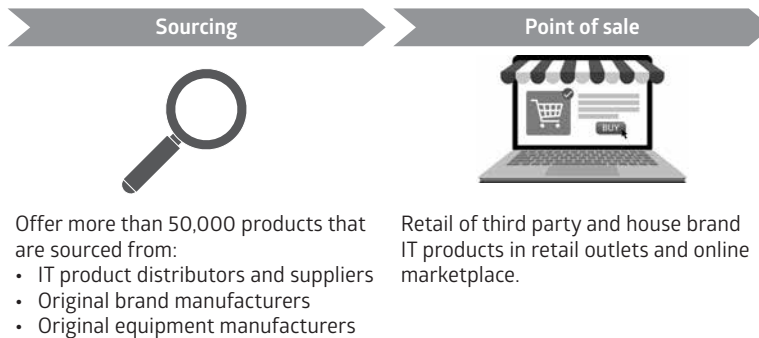
2. OUR BUSINESS

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

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.

Our house brands

VALORE
VCE
ValueClub EXCLUSIVE



3. REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option and the Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules 711A and 711B. We have chosen to report using the GRI standards: Core option as it is an internationally recognised reporting framework. The GRI content index can be found in the Appendix.

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 Sustainable Development Goals (“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.

4. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 January to 31 December 2020 (“FY2020” or “Reporting Period”). A sustainability report will be published annually thereafter in accordance with our SR Policy.

This Report covers our key IT products and services business segment within our Group which contributed more than 90% (FY2019: more than 90%) of our total revenue for the Reporting Period.

SUSTAINABILITY REPORT

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.

6. STAKEHOLDER ENGAGEMENT

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 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
1	Communities	Recycling campaigns	Regularly	Environmental initiatives
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"> Equal employment Job security Career development and training opportunities Remuneration
		Email communications	Regularly	
		Intranet	Daily	
4	Regulators	Consultations and briefings organised by key regulatory bodies such as Singapore Stock Exchange	As and when required	Corporate governance
5	Shareholders	Group result announcements	Half-yearly	<ul style="list-style-type: none"> Sustainable business performance Market valuation Corporate governance
		<ul style="list-style-type: none"> Annual general meetings Annual reports 	Annually	
6	Vendors	<ul style="list-style-type: none"> Feedback Email communications Calls 	Regularly	<ul style="list-style-type: none"> Ability to distribute products Maintain and expand brand presence Maximise end customers' satisfaction

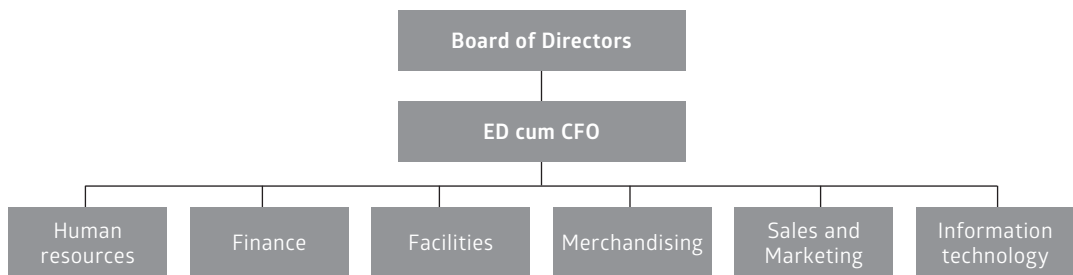
Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

SUSTAINABILITY REPORT

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

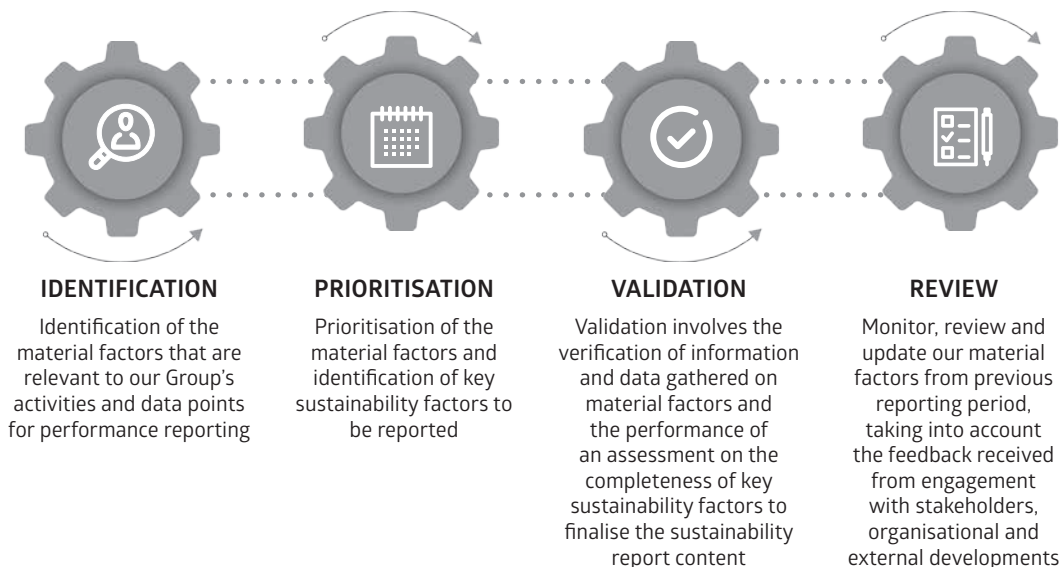
7.1 Reporting structure

The Board 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") leads 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 Chief Executive Officer ("CEO") and 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 the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:



SUSTAINABILITY REPORT

7.3 Materiality assessment

Under our SR Policy, each Sustainability Factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
● ● ●	High	Factors with high reporting priority are reported on in detail.
● ●	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
●	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to stakeholders ("Stakeholders' Concern") and significance of our impacts on the economy, environment and society ("Business Impact").

7.4 Performance tracking and reporting

We track the progress of our material 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 capture systems. The sustainability trends can be found in the Appendix.

8. MATERIAL FACTORS

Our materiality assessment performed for FY2020 involved our SC in identifying Sustainability Factors deemed material to our businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

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

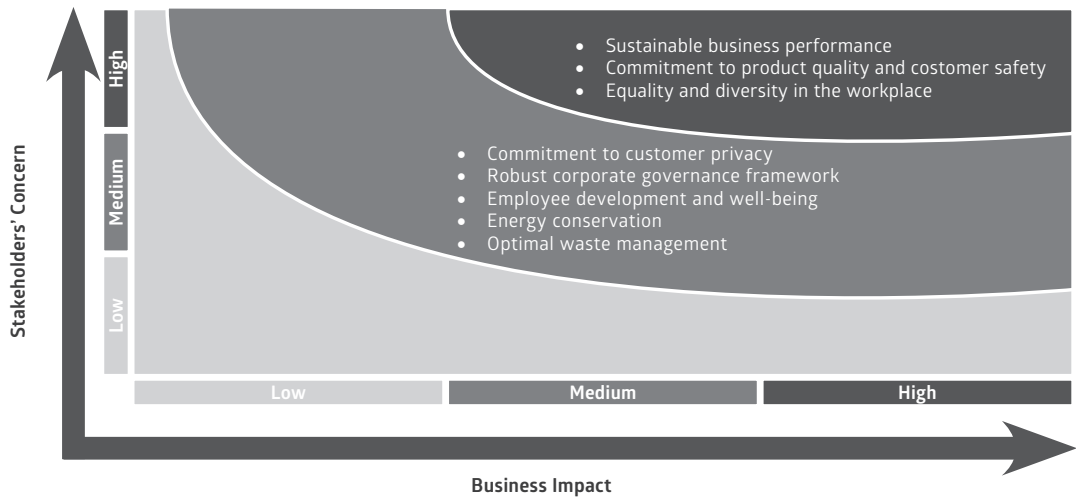
List of material Sustainability Factors

S/N	Material factor	SDG	Reporting priority	Key stakeholder
Economic				
1	Sustainable business performance	Decent work and economic growth	● ● ●	Shareholders
Environmental				
2	Energy conservation	Affordable and clean energy	● ●	<ul style="list-style-type: none"> · Communities · Shareholders

SUSTAINABILITY REPORT

S/N	Material factor	SDG	Reporting priority	Key stakeholder
3	Optimal waste management	Responsible consumption and production	● ●	<ul style="list-style-type: none"> Communities Customers Shareholders
Social				
4	Equality and diversity in the workplace	Reduced inequalities	● ● ●	Employees
5	Commitment to product quality and customer safety	Peace, justice and strong institutions	● ● ●	<ul style="list-style-type: none"> Customers Vendors
6	Commitment to customer privacy	Peace, justice and strong institutions	● ●	Customers
7	Employee development and well-being	Quality education	● ●	Employees
Governance				
8	Robust corporate governance framework	Peace, justice and strong institutions	● ●	<ul style="list-style-type: none"> Regulators Shareholders

Material factor matrix



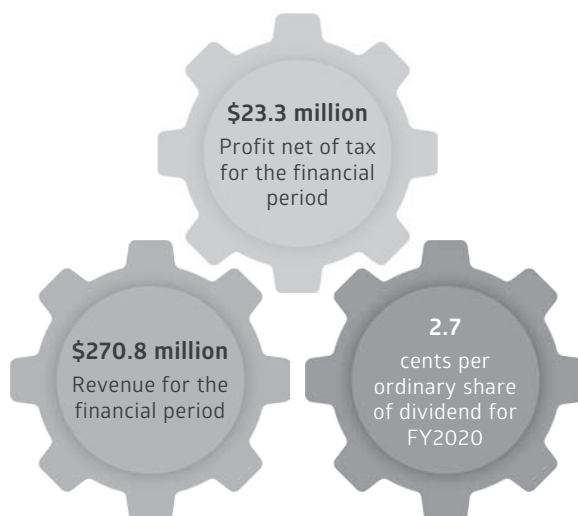
We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material sustainability factor are presented as follows:

SUSTAINABILITY REPORT

8.1 Sustainable business performance

We believe in creating long-term economic value for shareholders by striking a balance between rewarding shareholders by way of consistent profits and maintaining a robust balance sheet with strong operating cash flows.

In FY2020, our Group recorded revenue of \$270.8 million (FY2019: \$329.6 million). The decrease in revenue was mainly attributable to the absence of tradeshows and weaker performance from corporate sales and retail operations as a result of movement restriction measures imposed during the circuit breaker period and safety management measures imposed during the Pandemic. Nonetheless, the decrease in revenue was partially offset by stronger revenue contribution from our online sales. We will continue to focus on driving greater e-commerce productivity to mitigate the downside impact coming from the weak retail operations amid the Pandemic.



Our Group generated \$23.3 million (FY2019: \$17.7 million) of profit net of tax and a final tax-exempt dividend of 2.7 cents per ordinary share was declared for the Reporting Period (FY2019: 1.5 Singapore cents per share).

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

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or improve our financial performance subject to market conditions	Profit net of tax and final tax-exempt dividend improve amid the decline in revenue in light of the Pandemic	Maintain or improve our financial performance subject to market conditions

8.2 Energy conservation

We are committed to responsible usage of energy resources that results in lesser carbon emissions which in turn helps to preserve the environment that we operate in and also reduces our costs, thus enhancing returns to shareholders.

To run our operations, we rely on electricity for lighting, office equipment and cooling. During the Reporting Period, the electricity usage for our office premises and retail outlets is 6.8 kWh (FY2019: 9.0 kWh) per square foot. The decrease in energy consumption rate during the Reporting Period can be mainly attributed to the restrictions imposed in light of the outlet closure during the circuit breaker period.

SUSTAINABILITY REPORT

Electricity conservation initiatives adopted by us include the following:

- 100% of our retail outlets optimise electricity efficiency through the use 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 FY2020	Performance in FY2020	Target for FY2021
Maintain or reduce energy consumption rate	There is a reduction in our energy consumption rate	Energy consumption rate shall not exceed 9.0 kWh per square foot

8.3 Optimal waste management

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

Adopt reusable packaging design for house brand products

We sell third-party products and house brand products. Our efforts to optimise waste management is focused on our house brand products as we have more control in their design and use of packaging materials.

For house brand products, packaging optimisation is a key focus of our efforts to minimise waste materials. Multiple factors related to packaging are considered when developing products for customers and they include design and material choice. In line with the focus on packaging optimisation, our ValueClub Exclusive ("VCE") house brand products adopt reusable packaging to minimise waste materials generated from disposal.



We are continuously looking for packaging options that are both cost efficient and have minimal impact on the environment.

Reuse and recycle used IT and related products

To be efficient in reusing and recycling used IT and related products, pre-owned IT and related products can be traded in or consigned to our PIT.Money outlets. Our PIT Money outlets also carry affordable used, demo and refurbished products.

PIT.MONEY
Powered by Challenger

SUSTAINABILITY REPORT

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 advices are issued.

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, customer could use an electronic version of authorisation letter to nominate a third party to collect goods ordered on their behalf;
- 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.

Target for FY2020	Performance in FY2020	Target for FY2021
Reduce the amount of waste generated	We adopt various initiatives to minimise the amount of waste generated	Initiate various initiatives to achieve waste minimisation and efficient material use

8.4 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 2020 is 284 (FY2019: 317).

On gender diversity, we view diversity in the Board level as an essential element in supporting sustainable development and in relation to the gender diversity with one female representation in the Board of Directors. The percentage of female to total full-time employees and managers are 35% (FY2019: 37%) and 38% (FY2019: 39%) respectively as at 31 December 2020.

On age diversity, matured workers are valued for their experience, knowledge and skills. As at 31 December 2020, 27% (FY2019: 24%) of the workforce is at least 40 years old.

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

- A human resource policy is in place to select employees based on merit and competency; and
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.

Target for FY2020	Performance in FY2020	Target for FY2021
Move towards a more balanced gender and age diversity ratio	No material changes in our diversity ratios between FY2019 and FY2020	<ul style="list-style-type: none"> • Ratio of female employees and managers over total employees and managers should not fall below 30% • Ratio of employees with age 40 and above over total employees should not fall below 15% or exceed 50%

SUSTAINABILITY REPORT

8.5 Commitment to product quality and customer safety

We take potential risk to the health and safety of customers seriously as electrical products could pose a risk to health and safety of customers when sub-standard products are sold and used.

We have a strict procurement policy that requires our procurement team to work closely with suppliers to ensure strict compliance. Key measures taken on this front 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 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 is no reported incident of substandard products resulting in electrical accidents (FY2019: zero incident).

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

- Daily temperature checks for our employees;
- Provision of hand sanitisers and temperature screening for our customers;
- Thorough and extensive disinfection for all surfaces regularly; and
- Safe distancing measures such as encouraging our customers to maintain safe distance when queueing to pay for their purchases.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero incident of substandard products resulting in electrical accidents to our customers	No reported incident of substandard products resulting in electrical accidents to our customers	Maintain zero incident of substandard products resulting in electrical accidents to our customers

8.6 Commitment to customer privacy

To stay connected with our customers, we have built a customer membership program for our retail and online businesses. To effectively operate this program 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 thus of paramount importance to us and we are committed to protect customers' privacy and personal data.

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

SUSTAINABILITY REPORT

In addition, a personal data protection policy (“Privacy Policy”) has been implemented under the supervision of the 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, they are encouraged to scan the unique QR code on their ValueClub app or key in login ID at the point of payment to identify themselves as members in order 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 area.

During the Reporting Period, there is no reported incident concerning breaches of customer privacy and loss of customer data (FY2019: zero incident).

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero incident of data breach	No reported incident concerning breaches of customer privacy	Maintain zero incident of data breach

8.7 Employee development and well-being

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.

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

Systematic and comprehensive training programs

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 handling displays and arranging inventories.

To equip our retail employees with the right capabilities, we have implemented various training programs ranging from soft skills training to product knowledge courses. Such programs also motivate them to maintain a high level of performance. During the Reporting Period, our full-time employees received an average of 4.7 hours (FY2019: 2.0 hours) of training per full-time employee per year. The increase in training hours per full time employee is mainly due to an increase in virtual training sessions conducted for full-time employees during the Pandemic.

Well-performing part-timers are selected to undergo further training programs that enable them to undertake a more significant role in the retail outlets, such as conducting training for other part-time employees. During the Reporting Period, part-timers received an average of 2.1 hours (FY2019: 2.5 hours) of training per part-time employee per year. The slight decrease in training hours is mainly due to lesser in-person training sessions, the more common mode of training for part timers, conducted for part-timers during the Pandemic.

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 helps to value-add to our business. In FY2020, 100% (FY2019: 100%) of our full-time employees received regular performance and career development reviews.

SUSTAINABILITY REPORT

The retail operations are labour intensive requiring the services of a large number of part-time employees. In order 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 FY2020, 100% (FY2019: 100%) of our part-time employees received regular performance and career development reviews.

Safeguarding employee well-being during the Pandemic

As employees are our key assets in ensuring the sustainability of our business, we have implemented the following measures to protect our employees during the Pandemic:

- Daily temperature-taking using face-recognition temperature scanner to clock in temperature;
- Provision of readily available masks and hand sanitisers to both retail and back office employees;
- Staggered reporting time;
- Safe measures audit at our retail outlets and back office conducted by the store managers and head of departments ("HOD") in accordance with a checklist. The audit results are submitted via our staff app with supporting images; and
- Placement of posters at various areas to raise awareness and educate employees on safety precautions.

Target for FY2020	Performance in FY2020	Target for FY2021
Continuously identify opportunities to upskill workforce	<ul style="list-style-type: none"> • There is an increase in the average hours of training per full-time employee and a decrease in the average hours of training per part-time employee. • The percentage of full-time and part-time employees who have 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

SUSTAINABILITY REPORT

8.8 Robust corporate governance framework

We are committed to high standards of corporate governance and believe 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.

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 is zero reported incident of serious offence² (FY2019: zero incident).

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

The overall SGTI score assessed by National University of Singapore Business School is 73 for year 2020 (FY2019: 63).

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







Target for FY2020	Performance in FY2020	Target for FY2021
<ul style="list-style-type: none"> Maintain zero incident of serious offence to be reported Improve or maintain our SGTI score 	<ul style="list-style-type: none"> No reported incident of serious offence SGTI score assessed by National University of Singapore Business School is 73 	<ul style="list-style-type: none"> Maintain zero incident of serious offence to be reported Improve or maintain our SGTI score

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 Sustainable Development Goals ("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 in order to align our business objectives with the SDGs, we have identified a number of 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:

² A serious offence is defined as one that involves fraud or dishonesty amounting to not less than \$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

SUSTAINABILITY REPORT

	SDG	Our effort
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<u>Section 8.7 Employee development and well-being</u> We invest in training and development of our people to enhance our business competencies as well as overall productivity.
	Ensure access to affordable, reliable, sustainable and modern energy for all	<u>Section 8.2 Energy conservation</u> We conserve electricity through high-efficiency lighting which in turn, helps to promote the efficient use of energy.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<u>Section 8.1 Sustainable business performance</u> We contribute to economic growth through creating long-term economic value for our shareholders.
	Reduce inequality within and among countries	<u>Section 8.4 Equality and diversity in the workplace</u> We ensure equal opportunity for all regardless of gender, age, nationality, ethnicity, or educational background.
	Ensure sustainable consumption and production patterns	<u>Section 8.3 Optimal waste management</u> We contribute to the reduction of waste generation through recycling, reusing and reducing.
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<u>Section 8.5 Commitment to product quality and customer safety</u> We ensure that our products meet the necessary safety standards. <u>Section 8.6 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 legislations. <u>Section 8.8 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.

SUSTAINABILITY REPORT

APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY20	FY19	FY18
Sustainable business performance				
1	Revenue	\$270.8 million	\$329.6 million	\$320.2 million
2	Profit net of tax	\$23.3 million	\$17.7 million	\$19.6 million
3	Dividend	2.7 cents	1.5 cents	3.1 cents
Energy conservation				
4	Energy consumption rate	6.8 kWh	9.0 kWh	8.6 kWh
Optimal waste management				
5	Initiatives to achieve waste minimisation	<ul style="list-style-type: none"> · Adopt reusable packaging design for house brand products · Reuse and recycle used IT and related products · Move towards a paperless working environment 		
Equality and diversity in the workplace				
6	Ratio of female over total full-time employees	35%	37%	38%
7	Ratio of female over total managers	38%	39%	39%
8	Ratio of employees who are at least 40 years old over total employees	27%	24%	23%
Commitment to product quality and customer safety				
9	Number of incidents of substandard products resulting in electrical accidents	0	0	0

SUSTAINABILITY REPORT

S/N	Performance indicator	Sustainability performance		
		FY20	FY19	FY18
Commitment to customer privacy				
10	Number of reported incidents concerning breaches of customer privacy and losses of customer data	0	0	0
Employee development and well-being				
11	Average annual training hours per full-time employee	4.7 hours	2.0 hours	NA ³
12	Average annual training hours per part-time employee	2.1 hours	2.5 hours	NA ³
13	Percentage of full-time employees who have received regular performance and career development reviews	100%	100%	NA ³
14	Percentage of part-time employees who have received regular performance and career development reviews	100%	100%	NA ³
Robust corporate governance framework				
15	Number of incident of serious offence	0	0	0
16	SGTI score	73 points	63 points	64 points

³ No comparative data provided due to newly disclosed performance indicator.

SUSTAINABILITY REPORT

APPENDIX 2 GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
Organisational profile			
102-1	Name of the organisation	Cover page	-
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> • Sustainability Report > Our Business • Financial Statements > Notes to the Financial Statements > Investments in Subsidiaries 	16 97 – 99
102-3	Location of headquarters	Corporate Information	12
102-4	Location of operations	<ul style="list-style-type: none"> • Retail Footprint • Corporate Information 	06 – 07 12
102-5	Ownership and legal form	<ul style="list-style-type: none"> • Group Structure • Financial Statements > Notes to the Financial Statements > General • Statistics of Shareholdings 	03 70 – 71 121 – 122
102-6	Markets served	Retail Footprint	06 – 07
102-7	Scale of the organisation	<ul style="list-style-type: none"> • Group 5-Year Financial Highlights • Group Operations Review • Sustainability Report > Material Factors > Sustainable Business Performance • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Financial Statements > Consolidated Statement of Profit or Loss and Other Comprehensive Income • Financial Statements > Statements of Financial Position 	08 09 – 11 21 23 65 66
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	23
102-9	Supply chain	Sustainability Report > Our Business	16
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain during the Reporting Period	-
102-11	Precautionary Principle or approach	None	-
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	27 – 28
102-13	Membership of associations	None	-

SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	13 – 15
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> • Sustainability Report > Material Factors > Robust Corporate Governance Framework • Corporate Governance Report 	27 35 – 56
Governance			
102-18	Governance structure	<ul style="list-style-type: none"> • Sustainability Report > Policy, Practice and Performance Reporting > Reporting Structure • Corporate Governance Report 	18 35 – 56
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	17
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	17
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	17
102-44	Key topics and concerns raised	Sustainability Report > Stakeholder Engagement	17
Reporting practice			
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> • Group Structure • Financial Statements > Notes to the Financial Statements > Investments in Subsidiaries 	03 97 – 99
102-46	Defining report content and topic Boundaries	Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes	18
102-47	List of material topics	Sustainability Report > Material Factors	19 – 27
102-48	Restatements of information	None	–

SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
102-49	Changes in reporting	None	-
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	16
102-51	Date of most recent report	Sustainability Report FY2019	-
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	16
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	17
102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> • Sustainability Report > Reporting Framework • Sustainability Report > GRI Content Index 	16 31 – 34
102-55	GRI content index	Sustainability Report > GRI Content Index	31 – 34
102-56	External assurance	We may seek external assurance in the future	-
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	19 – 27
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Report > Board Statement • Sustainability Report > Policy, Practice and Performance Reporting • Sustainability Report > Material Factors 	13 – 15 18 – 19 19 – 27
103-3	Evaluation of the management approach	Sustainability Report > Material Factors	19 – 27

SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
Category: Economic			
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> • Group 5-Year Financial Highlights • Group Operations Review • Sustainability Report > Material Factors > Sustainable Business Performance • Financial Statements > Consolidated Statement of Profit or Loss and Other Comprehensive Income • Financial Statements > Statements of Financial Position 	08 09 – 11 21 65 66
Category: Environmental			
302-1	Energy consumption within the organisation	Sustainability Report > Material Factors > Energy Conservation	21 – 22
306-2	Waste by type and disposal method	Sustainability Report > Material Factors > Optimal Waste Management	22 – 23
Category: Social			
404-1	Average hours of training per year per employee	Sustainability Report > Material Factors > Employee Development and Well-being	25 – 26
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors > Employee Development and Well-being	25 – 26
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report > Material Factors > Employee Development and Well-being	25 – 26
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	23
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report > Material Factors > Commitment to Product Quality and Customer Safety	24
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report > Material Factors > Commitment to Customer Privacy	24 – 25

CORPORATE GOVERNANCE REPORT

This report outlines the Company's corporate governance practices and structures in the financial year ended 31 December 2020 ("FY2020"), 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-of-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 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 FY2020, 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

* *By invitation*

- x. 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.
- xi. 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

- xii. 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.

Appointment to Company Secretary

- xiii. 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.
- xiv. The appointment and removal of the Company Secretary is a decision of the Board and the Directors have separate and independent access to them.

CORPORATE GOVERNANCE REPORT

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 five (5) members. Save for the Chief Executive Officer (“CEO”), Mr Loo Leong Thye and the Chief Financial Officer (“CFO”), Mr Tan Wee Ko, 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 for the financial year under review, the prevailing applicable requirement of the Code 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.

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 FY2020.

Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which shall take effect from 1 January 2022, requires a Director who has served for an aggregate of more than nine (9) years and is continuing appointment as an ID to be subject to the approval through separate resolutions passed by (a) all shareholders and (b) shareholders, excluding the Directors and CEO of the Company, and associates of such Directors and CEO (the “Two-Tier Voting”). Such resolutions approved by a Two-Tier Voting may remain in force for three (3) years from the conclusion of the Annual General Meeting (the “AGM”) following the passing of the resolutions or the retirement or resignation of the Director, whichever the earlier.

CORPORATE GOVERNANCE REPORT

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. Accordingly, the IDs will be required to adhere to the above Two-Tier Voting at the forthcoming AGM should they wish to seek for re-election.

Both the NC and the Board are of the view that Mr Max Ng Chee Weng, Mr Tan Han Beng and Ms Tan Chay Boon are independent and that there are no individuals or small groups of individuals who dominate the Board's decision-making process. Each of Mr Max Ng Chee Weng, Mr Tan Han Beng and Ms Tan Chay Boon have abstained from deliberating on their respective independence.

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. The Board is of the view that the size of five (5) 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.

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 five (5) members, with the majority being IDs, 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 46 years old to 67 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 Directors 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 Directors and/or IDs will have discussions amongst themselves without the presence of management.

CORPORATE GOVERNANCE REPORT

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 Company has not created a separate position of Chairman as the Board is of the view that the current Board composition and the establishment of the Committees, namely, the AC, NC and RC, are sufficient to ensure accountability and independent decision-making.

CEO

The CEO, Mr Loo Leong Thye, bears executive responsibility for the Group's business and implements the decisions and directions of the Board. For administrative purposes only, he is usually elected as the Chairman of each Board meeting.

In view of the above and in line with the Code, 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	(ID)
Members:	Tan Han Beng	(Lead ID)
	Tan Chay Boon	(ID)

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

CORPORATE GOVERNANCE REPORT

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;
- 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 Annual General Meeting 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 Loo Leong Thye and Ms Tan Chay Boon be nominated for re-election at the forthcoming Annual General Meeting. In making the recommendation, the NC has considered the Director's overall contributions and performance.

Mr Loo Leong Thye will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company.

CORPORATE GOVERNANCE REPORT

Ms Tan Chay Boon will, upon re-election as a Director of the Company, remain as an ID and member of the Audit Committee, the Nominating Committee and the Remuneration Committee, and the Board considers her to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

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 FY2020 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	67	Executive Director & CEO	14/01/1984	26/04/2018	<p>Present Directorships in other Listed Companies</p> <p>NIL</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years)</p> <p>NIL</p> <p>Present Directorships in Non-Listed Companies</p> <p>CBD eVision Pte Ltd</p> <p>Challenger Ventures Pte Ltd</p> <p>Incall Systems Pte Ltd</p> <p>Challenger Holding (HK) Pte Ltd</p> <p>Valore (Shenzhen) Pte Ltd</p> <p>Past Directorships in Non-Listed Companies (in the last three (3) preceding years)</p> <p>NIL</p> <p>Other Principal Commitments</p> <p>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	51	Executive Director & CFO	30/04/2013	11/06/2020	<p>Present Directorships in other Listed Companies</p> <p>NIL</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years)</p> <p>NIL</p> <p>Present Directorships in Non-Listed Companies</p> <p>CBD eVision Pte Ltd</p> <p>Challenger Ventures Pte Ltd</p> <p>Incall Systems Pte Ltd</p> <p>Challenger Holding (HK) Pte Ltd</p> <p>Past Directorships in Non-Listed Companies (in the last three (3) preceding years)</p> <p>NIL</p> <p>Other Principal Commitments</p> <p>NIL</p>

CORPORATE GOVERNANCE REPORT

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments ⁽¹⁾
Max Ng Chee Weng	50	Independent Director	12/01/2006	29/04/2019	<p>Present Directorships in other Listed Companies</p> <p>Alpha Energy Holdings Limited</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years)</p> <p>NIL</p> <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>AquaAgro Projects Pte. Ltd.</p> <p>Adamas Pharmaceuticals Asia Pte. Ltd.</p> <p>Bloom Aqua Pte. Ltd.</p> <p>Discoperi Pte. Ltd.</p> <p>Phyto Medichem Singapore Pte. Ltd.</p> <p>Quang Minh Vietnam-Singapore Pte. Ltd.</p> <p>Sea Aquaculture Pte. Ltd.</p> <p>Techjet Aviation Pte. Ltd.</p> <p>Tradeways Pte. Ltd.</p> <p>Other Principal Commitments</p> <p>NIL</p>

CORPORATE GOVERNANCE REPORT

Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments⁽¹⁾
Tan Han Beng	46	Independent Director	01/03/2013	11/06/2020	<p>Present Directorships in other Listed Companies</p> <p>Don Agro International Limited</p> <p>Old Chang Kee Ltd</p> <p>Past Directorships in other Listed Companies (in the last three preceding years)</p> <p>Kitchen Culture Holdings Ltd</p> <p>Present Directorships in Non-Listed Companies</p> <p>NIL</p> <p>Past Directorships in Non-Listed Companies (in the last three preceding years)</p> <p>NIL</p> <p>Other Principal Commitments</p> <p>NIL</p>

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Name	Age	Appointment	Date of initial appointment	Date of last election	Listed Companies' Directorships and Principal Commitments⁽¹⁾
Tan Chay Boon	61	Independent Director	01/03/2013	29/04/2019	<p>Present Directorships in other Listed Companies</p> <p>NIL</p> <p>Past Directorships in other Listed Companies (in the last three (3) preceding years)</p> <p>NIL</p> <p>Present Directorships in Non-Listed Companies</p> <p>NIL</p> <p>Past Directorships in Non-Listed Companies (in the last three (3) preceding years)</p> <p>NIL</p> <p>Other Principal Commitments</p> <p>NIL</p>

Notes:

(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.

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.

CORPORATE GOVERNANCE REPORT

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 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	(ID)
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 FY2020.

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 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 & 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.

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 Annual General Meetings.

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.

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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 FY2020 is as shown:

Remuneration Band & Name of Directors	Fixed Salary	Directors' Fees	Allowance & Others	Variable or Performance Related Income/Bonus	Total
<i>\$S\$1,500,000 to \$S\$1,549,999</i>					
Loo Leong Thye	29%	2%	–	69%	100%
<i>\$S\$850,000 to \$S\$899,999</i>					
Tan Wee Ko	30%	3%	6%	61%	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 FY2020 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\$499,999</i>				
Loo Pei Fen	67%	14%	19%	100%
Yong Kim Hon	57%	10%	33%	100%
Woon Yoon Siong	88%	5%	7%	100%
<i>Below \$S\$250,000</i>				
Ng Kian Teck	70%	11%	19%	100%
Seah Chin Tiong	82%	12%	6%	100%

The Company has not disclosed 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

CORPORATE GOVERNANCE REPORT

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 FY2020 is S\$1,312,000.

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 and S\$400,000 during FY2020. 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.

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.

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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 FY2020 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.

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:	Ng Chee Weng	(ID)
	Tan Chay Boon	(ID)

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

CORPORATE GOVERNANCE REPORT

Responsibilities of AC

The responsibilities of the AC are:

- i. to review the half-yearly financial statements and the accompanying statements presented for approval, before endorsement by the Board so as to ensure the integrity of 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 judgments to ensure the integrity of financial statements and any formal announcements relating to the Company's financial statements;
- v. to review the assurance from the CEO and the CFO on the financial records and financial statements;
- 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 FY2020.

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 audit committee 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.

CORPORATE GOVERNANCE REPORT

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/payable to the external auditors and other independent auditors for FY2020 was approximately S\$144,000. The audit fees to the external auditors amounted to approximately S\$116,000 and non-audit fees (in connection with the provision of income tax compliance work and review of results announcement) amounted to approximately S\$22,000. The audit fees paid to the other independent auditors for FY2020 amounted to approximately S\$5,000 and non-audit fees (in connection with the provision of income tax compliance work) amounted to approximately S\$1,000. 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.

The Board of Directors and AC are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Group.

The Group confirms that it has complied with Rule 712 and 715 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. During FY2020, 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 ("YLA" or "IA"), 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 relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors Singapore. The IA team which services the Group comprises two (2) directors, a manager, an assistant manager and is also supported by an associate. Each of the two (2) directors has more than twenty (20) years of relevant experience whilst the manager has approximately fifteen (15) years of relevant experience.

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 to the IA. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

CORPORATE GOVERNANCE REPORT

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 during FY2020 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 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.

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 FY2020 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.

CORPORATE GOVERNANCE REPORT

In view of the prevailing COVID-19 situation, the Annual Report, Notice of AGM and Proxy form will be made available to shareholders by electronic means via publication on SGXNET and our corporate website (www.challengerasia.com). The forthcoming AGM to be held in respect of FY2020 will be held by way of electronic means 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. Arrangements for the attendance at the AGM via electronic means, submission of questions in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and the appointment of the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, will be put in place.

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. periodic and full yearly 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.

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 2020 of this Annual Report.

CORPORATE GOVERNANCE REPORT

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-year 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 other members of the Board.

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

Saved as disclosed in the audited financial statements of this Annual Report, the Company confirms that 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 FY2020.

Material Contracts

There were no material contracts entered into by the Company during FY2020 or still subsisting as at 31 December 2020 which involved the interests of any of the Directors, CEO or controlling shareholders of the Company.

CORPORATE GOVERNANCE REPORT

Appendix A

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. Cronus Sports Pte. Ltd.
6. Dawei LNG Terminal Holding Pte. Ltd.
7. Dawei Power Holding Pte. Ltd.
8. Dawei Residence Holding Pte. Ltd.
9. Dawei Telecom Holding Private Limited
10. DMPH Holdings Pte. Ltd.
11. Euro Moto Sport Pte. Ltd.
12. Eurobikes Trading Company Pte. Ltd.
13. Finscore Pte. Ltd.
14. Full Prospect (IP) Pte. Ltd.
15. Gateway Corporate Services Pte. Ltd.
16. Gateway IP Services Sdn. Bhd.
17. Gateway Law Corporation
18. Hebe Fashions Pte. Ltd.
19. Hillmorton Capital Pte. Ltd.
20. Infoserve Holdings Pte. Ltd.
21. Kingkow (IP) Pte. Ltd.
22. Kolon Sport China (IP) Pte. Ltd.
23. La Plantation Management Pte. Ltd.
24. Laumes International Resorts Pte. Ltd.
25. LNG Plus International (Singapore) Pte. Ltd.
26. Lukela Pte. Ltd.
27. Marine Stewardship Council Asia Ltd.
28. McLarty Asia Pte. Ltd.
29. Mitik Nature Pte. Ltd.
30. MOBH Holding Pte. Ltd.
31. Motive Force Sports Products (Singapore) Pte. Ltd.
32. Myandawei Industrial Estate Holding Pte. Ltd.
33. Oatly APAC Pte. Ltd.
34. Oatly Pte. Ltd.
35. Oatly Singapore Operations & Supply Pte. Ltd.
36. Oventure Pte. Ltd.
37. Pay All Lifestyle Payment Network Pte. Ltd.
38. Sintech CLC Pte. Ltd.
39. SLTI Pte. Ltd.
40. Thai International Industrial Estate Development Private Limited
41. Thai Power Development Private Limited
42. Thai Telecom Development Private Limited
43. Wing (Cambodia) Pte. Ltd.
44. Xcoal Energy & Resources Singapore Pte. Ltd.
45. 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 2020.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; 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

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, Chapter 50 (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
The company: Challenger Technologies Limited	Number of ordinary shares of no par value	
Loo Leong Thye	148,352,250	148,352,250
Tan Wee Ko	1,788,000	1,788,000
Max Ng Chee Weng	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	Shareholdings in which directors are deemed to have an interest	
	At beginning of the reporting year	At end of the reporting year
The company: Challenger Technologies Limited	Number of ordinary shares of no par value	
Loo Leong Thye	40,055,700	40,378,900
Max Ng Chee Weng	11,500	11,500

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 corporates of the company.

The directors' interests as at 21 January 2021 were the same as those at the end of the reporting year.

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 director
Tan Chay Boon	-	Independent director

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them;
- Reviewed with the internal 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;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed 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 report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors 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 audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2020.

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 8 February 2021, 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

Tan Wee Ko
Executive Director

8 March 2021

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 (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 2020, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and 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, Chapter 50 (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 2020 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.

Net realisable value of inventories

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

The group's principal activities are in the retailing of Information Technology ("IT") and IT related products that are subject to changing consumer demands and technological advancements. As at 31 December 2020, the group had inventories of \$35,320,000 (2019: \$34,491,000) carried on its statement of financial position. The cost of inventories may not be recoverable in full if those 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 be ultimately sold below cost or remained unsold as a result of a change in consumer demand.

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

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 upon a detailed technical assessment of inventories concerned, consideration of future demand and future selling price for the products and ageing analysis of inventories. This methodology relies upon assumptions made in determining appropriate allowance percentages for 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 were any significant build up of aged inventories;
- Comparing the net realisable value of a sample of inventories to their subsequent selling prices;
- Reviewing a sample of reseller agreements with suppliers that includes a price protection policy that allows the group to claim from manufacturers' price differences between the original and revised retail prices; and
- Assessing the adequacy of disclosures made in the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Challenger Technologies Limited

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.

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

8 March 2021

Effective from reporting year ended 31 December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Reporting Year Ended 31 December 2020

	Notes	Group	
		2020 \$'000	2019 \$'000
Revenue	5	270,840	329,570
Other income and gains	6	6,120	1,535
Changes in inventories of finished goods		719	(3,300)
Purchase of goods and consumables		(208,748)	(254,795)
Other consumables used		(450)	(240)
Depreciation expense of property, plant and equipment	13	(1,760)	(2,207)
Depreciation of right-of-use-assets	14	(11,114)	(14,576)
Employee benefits expense	7	(21,173)	(24,293)
Other expenses	8	(6,530)	(8,104)
Other losses	6	(1,060)	(2,326)
Profit before income tax		26,844	21,264
Income tax expense	9	(3,536)	(3,560)
Profit, net of tax		23,308	17,704
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	23	-	24
Reclassification adjustments for (gains)/losses from equity to profit or loss	17	(9)	13
Fair value changes on debt instruments at FVTOCI, net of tax	17	74	109
Other comprehensive income for the year, net of tax:		65	146
Total comprehensive income for the year		23,373	17,850
Profit attributable to owners of the parent, net of tax		23,227	17,624
Profit attributable to non-controlling interests, net of tax		81	80
Profit, net of tax		23,308	17,704
Total comprehensive income attributable to owners of the parent		23,292	17,770
Total comprehensive income attributable to non-controlling interests		81	80
Total comprehensive income		23,373	17,850
Earnings per share			
Earnings per share currency unit			
Basic	11	6.73	5.11
Diluted	11	6.73	5.11

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Notes	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	6,687	7,252	6,620	7,083
Right-of-use assets	14	27,460	23,473	27,289	23,145
Investments in subsidiaries	15	-	-	6,032	6,135
Investment in associate	16	-	-	-	-
Other financial assets	17	6,296	5,449	5,987	5,140
Total non-current assets		40,443	36,174	45,928	41,503
Current assets					
Inventories	18	35,320	34,491	35,219	34,248
Trade and other receivables	19	5,927	6,722	5,257	5,940
Other assets	20	4,504	5,351	4,430	5,136
Other financial assets	17	-	765	-	765
Cash and cash equivalents	21	95,671	77,890	86,825	69,772
Total current assets		141,422	125,219	131,731	115,861
Total assets		181,865	161,393	177,659	157,364
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	18,775	18,775	18,775	18,775
Retained earnings		102,184	84,135	101,452	84,196
Other reserves	23	17	(48)	201	136
Equity, attributable to owners of the parent		120,976	102,862	120,428	103,107
Non-controlling interests		348	417	-	-
Total equity		121,324	103,279	120,428	103,107
Non-current liabilities					
Deferred tax liabilities	9	17	17	-	-
Financial liabilities – lease liabilities	24	14,847	12,284	14,845	12,107
Other liabilities	25	2,241	2,035	744	705
Total non-current liabilities		17,105	14,336	15,589	12,812
Current liabilities					
Other liabilities	25	5,851	6,153	4,917	5,219
Provisions	26	2,124	2,067	2,124	2,067
Financial liabilities – lease liabilities	24	13,075	11,403	12,899	11,246
Trade and other payables	27	17,417	19,988	16,784	19,086
Income tax payable		4,969	4,167	4,918	3,827
Total current liabilities		43,436	43,778	41,642	41,445
Total liabilities		60,541	58,114	57,231	54,257
Total equity and liabilities		181,865	161,393	177,659	157,364

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2020

	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Non- controlling Interests \$'000
Group						
Current year:						
Opening balance at 1 January 2020	103,279	102,862	18,775	84,135	(48)	417
Changes in equity:						
Total comprehensive income for the year	23,373	23,292	-	23,227	65	81
Dividends paid (Note 12)	(5,328)	(5,178)	-	(5,178)	-	(150)
Closing balance at 31 December 2020	121,324	120,976	18,775	102,184	17	348
Previous year:						
Opening balance at 1 January 2019	92,333	91,996	18,775	73,415	(194)	337
Changes in equity:						
Total comprehensive income for the year	17,850	17,770	-	17,624	146	80
Dividends paid (Note 12)	(6,904)	(6,904)	-	(6,904)	-	-
Closing balance at 31 December 2019	103,279	102,862	18,775	84,135	(48)	417

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2020

	Total Equity \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000
Company				
Current year:				
Opening balance at 1 January 2020	103,107	18,775	84,196	136
Changes in equity:				
Total comprehensive income for the year	22,499	-	22,434	65
Dividends paid (Note 12)	(5,178)	-	(5,178)	-
Closing balance at 31 December 2020	120,428	18,775	101,452	201
Previous year:				
Opening balance at 1 January 2019	92,016	18,775	73,227	14
Changes in equity				
Total comprehensive income for the year	17,995	-	17,873	122
Dividends paid (Note 12)	(6,904)	-	(6,904)	-
Closing balance at 31 December 2019	103,107	18,775	84,196	136

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Reporting Year Ended 31 December 2020

	Group	
	2020 \$'000	2019 \$'000
Cash flows from operating activities		
Profit before tax	26,844	21,264
Adjustments for:		
Covid-19 related rent concessions from lessor	(3,719)	-
Depreciation expense of property, plant and equipment	1,760	2,207
Depreciation expense of right-of-use assets	14,833	14,576
Losses on disposal of plant and equipment	33	3
(Gains)/Losses on disposal of debt asset instruments at FVTOCI	(9)	13
Interest income	(860)	(1,272)
Interest expense	819	618
Net effect of exchange rate changes in consolidating foreign operations	-	24
Operating cash flows before working capital changes	39,701	37,433
Trade and other receivables	795	3,416
Other assets	847	109
Inventories	(829)	3,448
Trade and other payables	(2,571)	(1,581)
Provisions	(31)	(58)
Other liabilities	(96)	(2,306)
Net cash flows from operations	37,816	40,461
Income taxes paid	(2,725)	(3,980)
Net cash flows from operating activities	35,091	36,481
Cash flows from investing activities		
Interest income received	860	1,272
Addition in debt asset instruments at FVTOCI	(2,017)	-
Proceeds from disposal of debt asset instruments at FVTOCI	2,000	500
Purchase of plant and equipment (Note 21A)	(1,140)	(1,719)
Net cash flows (used in)/from investing activities	(297)	53
Cash flows from financing activities		
Lease liabilities – principal portion paid	(10,866)	(14,362)
Interest expense paid	(819)	(618)
Dividends paid to equity owners	(5,178)	(6,904)
Dividends paid to non-controlling interests	(150)	-
Net cash flows used in financing activities	(17,013)	(21,884)
Net increase in cash and cash equivalents	17,781	14,650
Cash and cash equivalents, beginning balance	77,890	63,240
Cash and cash equivalents, ending balance (Note 21)	95,671	77,890

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

NOTES TO THE FINANCIAL STATEMENTS

1. General

Challenger Technologies Limited (the "Company") is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and the subsidiaries.

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 and 16 to the financial statements.

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

Uncertainties relating to the Covid-19 pandemic:

The Covid-19 pandemic has caused considerable disruptions in year 2020 and continues to pose challenges resulting in uncertainties surrounding the global economy, causing disruption to businesses and supply chains globally. Management will remain vigilant and continue to closely monitor the ongoing economic development and its impact.

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, Chapter 50 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

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 and cease when the group loses control of the investee.

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 available-for-sale 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, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

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).

Services – Revenue from service orders and term projects is recognised when the entity 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.

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 entity has the right to bill a fixed amount for each unit of goods or service provided.

The consideration received from the sale of goods to customers under the customer loyalty programme is allocated to the goods sold and the points 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 number of award credits that have been redeemed, relative to the total number expected to be redeemed.

Warranty service – Revenue from 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.

Membership administration – 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

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 entity'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 entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. 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 entity 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 and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

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.

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 associates 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

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 entity 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 entity 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.

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 and 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. The annual rates of depreciation are as follows:

Retail outlets	-	33.3%
Office spaces	-	50%

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

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.

Leases of lessor

For a lessor each of 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 company'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.

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate 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 an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

There were no business combinations during the year.

NOTES TO THE FINANCIAL STATEMENTS

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 reporting entity 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 or amortisation, 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

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 in the statement of financial position when, and only when, the entity 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 entity 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:

- #1. 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.
- #2. 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.

NOTES TO THE FINANCIAL STATEMENTS

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):

- #3. 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.
- #4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

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

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand, if any, that form an integral part of cash management.

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 (eg 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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. The review requires management to consider the price protection and other return policies with suppliers and future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. 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 on inventories.

Customer loyalty programme:

The group operates the ValueClub, Challenger membership scheme. The group allocates the consideration received from the sale of goods to the goods sold and the points issued under its ValueClub Reward Points Customer Loyalty Programme (the "Programme"). The consideration allocated to the points issued is measured at their fair values. Fair values are determined by considering, among others, the following factors: the range of products available to the customers, the prices at which the group sells the products which can be redeemed and the changing patterns in the redemption rates.

The carrying amount of the group's deferred revenue in relation to the Programme at the end of the reporting year is disclosed in Note 25C on other liabilities.

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 specific asset or class of assets at the end of the reporting year affected by the assumption is \$6,032,000.

NOTES TO THE FINANCIAL STATEMENTS

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

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Unquoted equity shares at cost through OCI:

Some of the equity shares at cost through OCI are not based on fair values as there is significant measurement uncertainty involved in this measurement of fair value. The uncertainty may be caused by insufficient more recent information that is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. Judgement is required to assess whether indicators of such a nature that cost might be the closer proxy fair value. When information about the performance and operations of the investee becomes available after the date of initial recognition and that relevant factors exist, they may indicate that cost might not be representative of fair value. The carrying amount is disclosed in Note 17 on other financial assets.

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.

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

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 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.

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 Related party	
	2020 \$'000	2019 \$'000
Fees to a firm in which a director has an interest	19	34

The related party is a firm belonging to one of the independent director of the Group.

NOTES TO THE FINANCIAL STATEMENTS

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

3B. Key management compensation

	Group	
	2020 \$'000	2019 \$'000
Salaries and other short-term employee benefits	3,829	3,484

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

	Group	
	2020 \$'000	2019 \$'000
Remuneration of directors of the company	2,347	1,900
Remuneration of directors of the subsidiaries	282	299
Fees to directors of the company	170	126

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.

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. It is a disclosure standard which results in a redesignation of the group's reportable segments, but it 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 and (3) telephonic call centre and data management services. 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.

NOTES TO THE FINANCIAL STATEMENTS

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

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

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, scanners, digital imaging solutions, personal digital assistants, mobile and wireless connectivity solutions, audio-visual and projection equipment, and related peripherals.

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 from continuing operations.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities

4B. Profit or loss from continuing operations and reconciliations

	IT products and services \$'000	Electronic signage \$'000	Telephonic call centre and data management services \$'000	Total \$'000
Continuing operations 2020				
Revenue by segment				
Total revenue by segment	267,420	457	3,390	271,267
Inter-segment sales and services	(38)	(117)	(272)	(427)
Total revenue	267,382	340	3,118	270,840
Recurring EBITDA				
Interest income	43,106	(271)	561	43,396
Interest expense	849	-	11	860
Interest expense	(809)	-	(10)	(819)
Depreciation ¹	(16,333)	(3)	(257)	(16,593)
Profit before tax from continuing operations	26,813	(274)	305	26,844
Income tax expense				(3,536)
Profit from continuing operations				23,308

1 Amount exclude Covid-19 related rent concession from lessor of \$3,719,000.

NOTES TO THE FINANCIAL STATEMENTS

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

4B. Profit or loss from continuing operations and reconciliations (cont'd)

	IT products and services \$'000	Electronic signage \$'000	Telephonic call centre and data management services \$'000	Total \$'000
Continuing operations 2019				
Revenue by segment				
Total revenue by segment	323,988	894	5,200	330,082
Inter-segment sales and services	(72)	(177)	(263)	(512)
Total revenue	323,916	717	4,937	329,570
Recurring EBITDA				
Interest income	37,158	(306)	541	37,393
Interest expense	1,251	-	21	1,272
Depreciation	(606)	-	(12)	(618)
	(16,510)	(11)	(262)	(16,783)
Profit before tax from continuing operations	21,293	(317)	288	21,264
Income tax expense				(3,560)
Profit from continuing operations				17,704

4C. Assets and reconciliations

	IT products and services \$'000	Electronic signage \$'000	Telephonic call centre and data management services \$'000	Unallocated \$'000	Total \$'000
2020					
Total assets for reportable segments	98,192	518	3,150	-	101,860
Unallocated:					
Cash and cash equivalents	-	-	-	73,708	73,708
Other financial assets	-	-	-	6,297	6,297
Total group assets	98,192	518	3,150	80,005	181,865
2019					
Total assets for reportable segments	89,176	942	3,694	-	93,812
Unallocated:					
Cash and cash equivalents	-	-	-	61,367	61,367
Other financial assets	-	-	-	6,214	6,214
Total group assets	89,176	942	3,694	67,581	161,393

NOTES TO THE FINANCIAL STATEMENTS

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

4D. Liabilities and reconciliations

	IT products and services \$'000	Electronic signage \$'000	Telephonic call centre and data management services \$'000	Unallocated \$'000	Total \$'000
2020					
Total liabilities for reportable segments	52,356	78	3,121	-	55,555
Unallocated: Deferred and current tax liabilities	-	-	-	4,986	4,986
Total group liabilities	52,356	78	3,121	4,986	60,541
2019					
Total liabilities for reportable segments	50,444	180	3,306	-	53,930
Unallocated: Deferred and current tax liabilities	-	-	-	4,184	4,184
Total group liabilities	50,444	180	3,306	4,184	58,114

4E. Other material items and reconciliations

	IT products and services \$'000	Electronic signage \$'000	Telephonic call centre and data management services \$'000	Total \$'000
Expenditure for non-current assets				
2020	1,198	-	30	1,228
2019	1,796	43	50	1,889

NOTES TO THE FINANCIAL STATEMENTS

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

4F. Geographical information

	Revenue		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	270,840	329,570	34,147	30,721
People's Republic of China	-	-	-	4
Total continuing operations	270,840	329,570	34,147	30,725

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.

4G. Information about major customers

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

5. Revenue

A. Revenue classified by type of good or service

	Group	
	2020 \$'000	2019 \$'000
IT products and services	265,154	321,611
Electronic signage services – rendering of services	386	717
Rental income	2,182	2,305
Telephonic call centre and data management services	3,118	4,937
Total revenue	270,840	329,570

B. Revenue classified by duration of contract

	Group	
	2020 \$'000	2019 \$'000
Short-term contracts	263,244	320,333
Long-term contracts	7,596	9,237
Total revenue	270,840	329,570

NOTES TO THE FINANCIAL STATEMENTS

5. Revenue (cont'd)

C. Revenue classified by timing of revenue recognition

	Group	
	2020 \$'000	2019 \$'000
Point in time	262,774	319,726
Over time	8,066	9,844
Total revenue	270,840	329,570

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

6. Other income and gains and (other losses)

	Group	
	2020 \$'000	2019 \$'000
(Income)/expenses relating to short-term leases and leases of low-value assets	139	(1,293)
Foreign exchange adjustment (losses)/gains	(15)	24
Government grant from Jobs Support Scheme #a	4,391	-
Interest income from financial institutions	860	1,272
Inventories written off (Note 18)	(376)	(374)
Inventories written down reversal/(written down) (Note 18)	58	(44)
Gains/(Losses) from disposal of investments in debt asset instruments at FVTOCI	9	(13)
Losses on disposal of plant and equipment	(33)	(3)
Sundry income	663	239
Variable lease payments	(636)	(599)
Net	5,060	(791)
Presented in profit or loss as:		
Other income and gains	6,120	1,535
Other losses	(1,060)	(2,326)
Net	5,060	(791)

#a. The purpose of the Jobs Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19 for 17 months from March 2020 to July 2021.

NOTES TO THE FINANCIAL STATEMENTS

7. Employee benefits expense

	Group	
	2020 \$'000	2019 \$'000
Short term employee benefits expense	18,632	21,194
Contributions to defined contribution plans	2,541	3,099
Total employee benefits expense	21,173	24,293

8. Other expenses

The major components and other selected components include the following:

	Group	
	2020 \$'000	2019 \$'000
Cards surcharges	3,390	3,613

9. Income tax

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

	Group	
	2020 \$'000	2019 \$'000
Current tax expense:		
Current tax expense	3,815	3,848
Over adjustments in respect of prior periods	(279)	(288)
Total income tax expense	3,536	3,560

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% (2019: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2020 \$'000	2019 \$'000
Profit before tax	26,844	21,264
Income tax expense at the above rate	4,563	3,615
Income not subject for tax purposes	(756)	-
Expenses not deductible for tax purposes	95	345
Stepped income exemption	(23)	(58)
Over adjustments to tax in respect of prior periods	(279)	(288)
Others	(63)	(54)
Total income tax expense	3,537	3,560

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

NOTES TO THE FINANCIAL STATEMENTS

9. Income tax (cont'd)

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Deferred tax liabilities:</u>				
Excess of net book value of plant and equipment over tax values	(260)	(214)	(243)	(199)
<u>Deferred tax assets:</u>				
Deferred revenue	270	332	270	332
Provisions	-	67	-	67
Tax losses	244	386	-	-
Unrecognised deferred tax assets	(271)	(608)	(27)	(200)
Others	-	20	-	-
Total deferred tax assets	243	197	243	199
Net total of deferred tax liabilities	(17)	(17)	-	-

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

A subsidiary in the People's Republic of China ("PRC") has unutilised tax losses of approximately \$976,000 (2019: \$1,546,000), available to offset against future profits. No deferred tax assets have been recognised on these tax losses as the future profit stream of the subsidiary is not probable. The unutilised tax losses carryforwards can only be carried forward for a period of 5 years from the date in which the losses were incurred. These unutilised tax losses will expire as follows:-

Year of expiry	Unutilised tax losses	
	2020 \$'000	2019 \$'000
2020	-	570
2021	822	822
2022	7	7
2023	62	62
2024	85	85
	976	1,546

Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2020 \$'000	2019 \$'000
Audit fees to independent auditor of the company	116	116
Audit fees to other independent auditors	5	12
Other fees to the independent auditor of the company	22	63
Other fees to the other independent auditors	1	1

11. Earnings per share

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

	Group	
	2020 \$'000	2019 \$'000
Numerators: Earnings attributable to equity holders		
Continuing operations: Attributable to equity holders and total basic earnings	23,227	17,624
	No: '000	No: '000
Denominators: Weighted average number of equity shares		
Basic	345,208	345,208

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	
	2020	2019	2020 \$'000	2019 \$'000
Final tax exempt (1-tier) dividend paid	1.50	2.00	5,178	6,904

The directors have proposed that a final dividend of 2.70 cents per share with a total of \$9,320,000 be paid to shareholders after the annual general meeting to be held on 28 April 2021. 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.

NOTES TO THE FINANCIAL STATEMENTS

12. Dividends on equity shares

12A. Dividends paid to non-controlling interests

	Group	
	2020 \$'000	2019 \$'000
Final tax exempt (1-tier) dividend paid	150	-

13. Property, plant and equipment

Group	Leasehold property \$'000	Renovations \$'000	Plant & equipment \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2019	7,200	8,754	16,571	32,525
Additions	-	747	1,142	1,889
Disposals	-	(537)	(812)	(1,349)
At 31 December 2019	7,200	8,964	16,901	33,065
Additions	-	249	979	1,228
Disposals	-	(78)	(521)	(599)
At 31 December 2020	7,200	9,135	17,359	33,694
<u>Accumulated depreciation:</u>				
At 1 January 2019	2,770	7,449	14,733	24,952
Depreciation for the year	277	758	1,172	2,207
Disposals	-	(534)	(812)	(1,346)
At 31 December 2019	3,047	7,673	15,093	25,813
Depreciation for the year	277	618	865	1,760
Disposals	-	(62)	(504)	(566)
At 31 December 2020	3,324	8,229	15,454	27,007
<u>Carrying value:</u>				
At 1 January 2019	4,430	1,305	1,838	7,573
At 31 December 2019	4,153	1,291	1,808	7,252
At 31 December 2020	3,876	906	1,905	6,687

NOTES TO THE FINANCIAL STATEMENTS

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

Company	Leasehold property \$'000	Renovations \$'000	Plant & equipment \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2019	7,200	8,566	15,765	31,531
Additions	-	711	1,093	1,804
Disposals	-	(537)	(809)	(1,346)
At 31 December 2019	7,200	8,740	16,049	31,989
Additions	-	249	950	1,199
Disposals	-	(58)	(498)	(556)
At 31 December 2020	7,200	8,931	16,501	32,632
<u>Accumulated depreciation:</u>				
At 1 January 2019	2,770	7,351	14,021	24,142
Depreciation for the year	277	726	1,099	2,102
Disposals	-	(534)	(804)	(1,338)
At 31 December 2019	3,047	7,543	14,316	24,906
Depreciation for the year	277	575	810	1,662
Disposals	-	(58)	(498)	(556)
At 31 December 2020	3,324	8,060	14,628	26,012
<u>Carrying value:</u>				
At 1 January 2019	4,430	1,215	1,744	7,389
At 31 December 2019	4,153	1,197	1,733	7,083
At 31 December 2020	3,876	871	1,873	6,620

Details of leasehold property:

Description/Location	Tenure of land/ (Gross Floor Area)	Tenure of land/ last valuation date
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

14. Right-of-use assets

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

Group	Retail outlets \$'000	Office space \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2019	22,991	-	22,991
Additions	14,573	485	15,058
At 31 December 2019	37,564	485	38,049
Additions	18,820	-	18,820
Disposals	(7,297)	-	(7,297)
At 31 December 2020	49,087	485	49,572
<u>Accumulated depreciation:</u>			
At 1 January 2019	-	-	-
Depreciation for the year	14,419	157	14,576
At 31 December 2019	14,419	157	14,576
Depreciation for the year #a	14,676	157	14,833
Disposals	(7,297)	-	(7,297)
At 31 December 2020	21,798	314	22,112
<u>Carrying value:</u>			
At 1 January 2019	22,991	-	22,991
At 31 December 2019	23,145	328	23,473
At 31 December 2020	27,289	171	27,460

Company	Retail outlets \$'000
<u>Cost:</u>	
At 1 January 2019	22,991
Additions	14,573
At 31 December 2019	37,564
Additions	18,820
Disposals	(7,297)
At 31 December 2020	49,087

NOTES TO THE FINANCIAL STATEMENTS

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

Company	Retail outlets \$'000
Accumulated depreciation:	
At 1 January 2019	-
Depreciation for the year	14,419
At 31 December 2019	14,419
Depreciation for the year #a	14,676
Disposals	(7,297)
At 31 December 2020	21,798
Carrying value:	
At 1 January 2019	22,991
At 31 December 2019	23,145
At 31 December 2020	27,289

#a. The Covid-19 related rent concessions from lessor of \$3,719,000 was offset against the depreciation of right-of-use assets in the statement of profit or loss.

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	Group		
	Retail outlets	Office space	Total
Number of right-of-use assets	43	1	44
Remaining term – range	1 to 3 years	2 years	-
Remaining term – average	2 years	2 years	-
Number of leases with extension options	43	1	44

	Company
	Retail outlets
Number of right-of-use assets	43
Remaining term – range	1 to 3 years
Remaining term – average	2 years
Number of leases with extension options	43

NOTES TO THE FINANCIAL STATEMENTS

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

The leases are for retail outlets and office space.

There are restrictions or covenants imposed by the leases to sublet the asset 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.

15. Investments in subsidiaries

	Company	
	2020 \$'000	2019 \$'000
Unquoted equity shares at cost	9,238	10,056
Less: Allowance for impairment	(3,206)	(3,921)
Balance at the end of the year	6,032	6,135
Movements of cost:		
Balance at beginning of the year	10,056	10,056
Disposal	(818)	-
	9,238	10,056
Movements in allowance for impairment:		
Balance at beginning of the year	3,921	4,025
Impairment loss charge to profit or loss included in other losses	323	314
Impairment loss written back charge to profit or loss included in other gains	(220)	(418)
Impairment allowance used	(818)	-
Balance at end of the year	3,206	3,921
Analysis of amount denominated in non-functional currencies:		
Malaysian Ringgit	-	818
Hong Kong Dollar	238	238

NOTES TO THE FINANCIAL STATEMENTS

15. Investments in subsidiaries (cont'd)

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	
	2020 \$'000	2019 \$'000	2020 %	2019 %
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
Challenger Technologies (M) Sdn. Bhd. Malaysia (Struck off in 2020)	-	818	-	100
	9,238	10,056		
<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
<u>Held through Challenge Ventures Pte. Ltd.</u>				
Incall Systems Pte. Ltd. ^(a) Singapore Telephonic call centre and data management services			70	70
Hachi.Sg Pte. Ltd. Singapore Online sale of computer hardware, software and accessories (Struck off in 2020)			-	100
Hachi MY Sdn. Bhd. ^(c) Malaysia Dormant			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.

(c) Not audited as it is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

15. Investments in subsidiaries (cont'd)

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 increasing performance of the subsidiary, Challenge Ventures Pte Ltd, was considered sufficient evidence to reverse the impairment loss. As detailed in this note the test resulted in the partial reversal of \$220,000 (2019: \$418,000).

The decreasing performance of the subsidiary, CBD eVision Pte Ltd, was considered sufficient evidence to trigger the impairment test. As detailed in this note the test resulted in the recognition of a loss of \$323,000 (2019: \$314,000).

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

16. Investment in associate

	Group and Company	
	2020 \$'000	2019 \$'000
Carrying value:		
Unquoted equity shares at cost	311	311
Less: Allowance for impairment	(311)	(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	
	2020 %	2019 %
Challenger Infortech (Beijing) Co., Ltd ^(a) People's Republic of China Dormant	40	40

- (a) The financial statements for the associate for the reporting year ended 31 December 2020 and 31 December 2019 were not available. The group has recognised its share of loss up to the cost of investment totalling \$311,000 (2019: \$311,000) which is not material to the group. The associate is currently dormant and in the process of closure.

NOTES TO THE FINANCIAL STATEMENTS

17. Other financial assets

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance is made up of:-				
Investments in debt asset instruments at FVTOCI (Note 17A)	5,987	5,905	5,987	5,905
Unquoted equity shares at cost through OCI (Note 17B)	309	309	-	-
	<u>6,296</u>	<u>6,214</u>	<u>5,987</u>	<u>5,905</u>
Analysis of amounts denominated in non-functional currency:				
United States Dollar	285	285	-	-

17A. Investments in debt asset instruments at FVTOCI

17A1. Movements in balances

	Group and Company	
	2020 \$'000	2019 \$'000
Investments in debt asset instruments at FVTOCI:-		
Movements during the year:		
Fair value at beginning of the year	5,905	6,296
Additions	2,017	-
Disposals	(2,000)	(513)
Reclassification adjustments for (gains)/losses included in profit or loss	(9)	13
Increase in fair value through other comprehensive income	74	109
Fair value at end of the year	<u>5,987</u>	<u>5,905</u>

During the reporting year, certain investments in debt asset instruments at FVTOCI cost were derecognised due to early redemption by issuer (2019: due to early redemption by issuer). The fair value of the investments at the date of derecognition was \$2,009,000 (2019: \$500,000). The cumulative gains on disposal of \$9,000 (2019: loss of \$13,000) is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

17. Other financial assets (cont'd)

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

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

	Level	Group and Company	
		2020 \$'000	2019 \$'000
<u>Quoted corporate bonds in Singapore</u>			
Quasi-sovereign	1	265	257
<u>Unquoted corporate bonds in Singapore</u>			
Real estate industry	2	1,007	-
Transport and logistics industry	2	776	765
Banking industry	2	3,436	4,372
Travel and lodging industry	2	503	511
Subtotal		5,722	5,648
Total		5,987	5,905

The rate of interest for the interest earning bonds ranged between 2.6% to 5.0% (2019: 2.6% to 4.0%) per annum.

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

	Group and Company	
	2020 \$'000	2019 \$'000
Within 1 year	-	765
Within 2 to 3 years	1,041	-
After 3 years	4,946	5,140
	5,987	5,905

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.

NOTES TO THE FINANCIAL STATEMENTS

17. Other financial assets (cont'd)

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

17A4. Sensitivity analysis for price risk

There are investments in 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	
	2020 \$'000	2019 \$'000
A hypothetical 10% increase in the market index of quoted corporate bonds would have an effect on pre-tax profit of	27	26
A hypothetical 10% increase in the over-the-counter price of unquoted corporate bonds would have an effect on pre-tax profit of	572	565

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).

There were no significant transfers between Level 1 and 2 of the fair value hierarchy.

17A5. Credit rating of the debt assets instruments at FVTOCI

The debt investments 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. Listed 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	
	2020 \$'000	2019 \$'000
Balances with investment grade credit rating with one or more reputable rating agencies	4,709	4,629
Not rated	1,278	1,276
Total	5,987	5,905

NOTES TO THE FINANCIAL STATEMENTS

17. Other financial assets (cont'd)

17B. Unquoted equity shares at cost through OCI

17B1. Movements in balances

	Group	
	2020 \$'000	2019 \$'000
Unquoted equity shares at FVTOCI		
Movements during the year:		
Carrying value at beginning and end of the year	309	309

17B2. Disclosures relating to unquoted equity shares at cost through OCI

The information gives a summary of the significant sector concentrations within the investment portfolio including Level 1, 2 and 3 securities:

	Level	Group	
		2020 \$'000	2019 \$'000
<u>Unquoted equity shares at cost through OCI:</u>			
Logistics: Singapore	3	24	24
Information technology: United States of America	3	285	285
Total		309	309

The financial reporting standard on financial instruments require that all investments in unquoted equity shares and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Management has not identified a market for these unquoted investments and it has not made a decision on how and when it intends to dispose of them in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

18. Inventories

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Goods in transit	58	-	58	-
Goods for resale	35,262	34,491	35,161	34,248
	35,320	34,491	35,219	34,248
Inventories are stated after allowance.				
Movements in allowance:				
Balance at beginning of the year (Reversed)/Charged to profit or loss included in other losses (Note 6)	82 (58)	38 44	82 (58)	38 44
Balance at end of the year	24	82	24	82
The write-downs of inventories charged to profit or loss included in other losses (Note 6)				
	376	374	248	365

There are no inventories pledged as security for liabilities.

19. Trade and other receivables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade receivables:</u>				
Outside parties	1,596	1,291	1,291	1,053
<u>Other receivables:</u>				
Subsidiaries	-	-	2,364	2,422
Less allowance for impairment	-	-	(2,354)	(1,954)
Advance payments to suppliers	2,552	4,016	2,437	3,969
Other receivables	1,779	1,415	1,519	450
Net other receivables - subtotal	4,331	5,431	3,966	4,887
Total trade and other receivables	5,927	6,722	5,257	5,940
<u>Movements in above allowance:</u>				
Balance at beginning of the year (Charged)/Reversed to profit or loss included under (other losses)/other gains	- -	- -	(1,954) (400)	(1,962) 8
Balance at end of the year	-	-	(2,354)	(1,954)

NOTES TO THE FINANCIAL STATEMENTS

19. Trade and other receivables (cont'd)

The 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 allowance matrix is deemed necessary for the group and company.

- (a) Ageing analysis of the trade receivables amounts that are past due as at the end of the reporting year but not impaired:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables:				
1 to 30 days	380	136	266	32
31 to 60 days	49	13	27	-
Over 60 days	66	71	57	13
Total	495	220	350	45

- (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.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. 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 (2019: 30 to 60 days). But some customers take a longer period to settle the amounts.

Concentration of trade receivable customers as at the end of the reporting year:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Top 1 customer	155	43	155	31
Top 2 customers	196	85	190	49
Top 3 customers	234	116	209	58

NOTES TO THE FINANCIAL STATEMENTS

19. Trade and other receivables (cont'd)

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 \$2,354,000 (2019: \$1,954,000) 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.

Other receivables are normally with no fixed terms and therefore there is no maturity.

20. Other assets

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deposits to secure services	4,242	4,708	4,179	4,557
Prepayments	262	643	251	579
	4,504	5,351	4,430	5,136

21. Cash and cash equivalents

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not restricted in use	95,671	77,890	86,825	69,772
Interest earning balances	73,708	61,367	70,727	56,273

The rates of interest for the cash on interest earning balances ranged between 0.16% and 1.80% (2019: 1.30% and 1.92%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

21. Cash and cash equivalents (cont'd)

21A. Non-cash transactions

Included in additions to plant and equipment is an amount of \$88,000 (2019: \$170,000) being provision for restoration costs capitalised (Note 26).

22. Share capital

	Group and Company	
	Number of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
Balance at 1 January 2019, 31 December 2019 and 31 December 2020	345,208	18,775

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 it 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

23. Other reserves

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Foreign currency translation reserve (Note 23A)	(184)	(184)	-	-
Investments in debt asset instruments at FVTOCI reserve (Note 23B)	201	136	201	136
Total at the end of the year	17	(48)	201	136

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	
	2020 \$'000	2019 \$'000
At beginning of the year	(184)	(208)
Exchange differences on translating foreign operations	-	24
At end of the year	(184)	(184)

The 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. Investments in debt asset instruments at FVTOCI reserve

	Group and Company	
	2020 \$'000	2019 \$'000
At beginning of the year	136	14
Reclassification adjustments for losses/(gains) included in profit or loss – realised on disposal	(9)	13
Gains on fair value changes on debt assets instruments at FVTOCI	74	109
At end of the year	201	136

The FVTOCI reserve arises from the annual remeasurement of the FVTOCI financial assets. It is not distributable until it is released to the profit or loss on the disposal of the investments.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial liabilities – lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Lease liabilities, current	13,075	11,403	12,899	11,246
Lease liabilities, non-current	14,847	12,284	14,845	12,107
	27,922	23,687	27,744	23,353

Movements of lease liabilities for the reporting year are as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At beginning of the year	23,687	22,991	23,353	22,991
Additions	18,820	15,058	18,820	14,573
Accretion of interest	819	618	810	606
Lease payments – principal portion paid	(10,866)	(14,362)	(10,710)	(14,211)
Lease payments – interest portion paid	(819)	(618)	(810)	(606)
Covid-19 related rent concession from lessor	(3,719)	–	(3,719)	–
At end of reporting year	27,922	23,687	27,744	23,353

The lease liability above does 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 liability and the right-of-use assets. The right-of-use assets are disclosed in Note 14.

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.

The incremental borrowing rate applied to lease liabilities recognised is 3% (2019: 3%) per year.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial liabilities – lease liabilities (cont'd)

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
2020			
Minimum lease payments payable:			
Not later than one year	13,678	(616)	13,062
Between 1 and 2 years	10,324	(268)	10,056
Between 2 and 3 years	3,152	(82)	3,070
Between 3 and 4 years	1,426	(28)	1,398
Between 4 and 5 years	337	(1)	336
Total	28,917	(995)	27,922
2019			
Minimum lease payments payable:			
Not later than one year	11,922	(519)	11,403
Between 1 and 2 years	8,037	(238)	7,799
Between 2 and 3 years	4,464	(47)	4,417
Between 3 and 4 years	68	-	68
Total	24,491	(804)	23,687
Company			
2020			
Minimum lease payments payable:			
Not later than one year	13,513	(613)	12,900
Between 1 and 2 years	10,308	(268)	10,040
Between 2 and 3 years	3,152	(82)	3,070
Between 3 and 4 years	1,426	(28)	1,398
Between 4 and 5 years	337	(1)	336
Total	28,736	(992)	27,744
2019			
Minimum lease payments payable:			
Not later than one year	11,758	(512)	11,246
Between 1 and 2 years	7,872	(235)	7,637
Between 2 and 3 years	4,449	(47)	4,402
Between 3 and 4 years	68	-	68
Total	24,147	(794)	23,353

NOTES TO THE FINANCIAL STATEMENTS

24. Financial liabilities – lease liabilities (cont'd)

Total cash outflows for leases are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

At reporting year date total commitments on leases that had not yet commenced were as follows:

	2020 \$'000	2019 \$'000
Retail outlets	–	106

The future cash outflows commitments to which the lessee is potentially exposed are not reflected in the measurement of lease liabilities above. This includes exposure arising from: (1) variable lease payments; (2) extension options and termination options; (3) residual value guarantees; and (4) leases not yet commenced to which the lessee is committed.

The total for lease liabilities and the average effective borrowing rate per year is disclosed above. The fair value (level 2) is a reasonable approximation of the carrying amount.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Expense relating to short-term leases and leases of low-value assets included in other losses	–	1,293	–	1,293
Expense relating to variable lease payments not included in lease liabilities included in other losses	640	599	640	599

For the Covid-19 related rent concessions, the practical expedient was applied for reflecting the adjustment in profit or loss rather than as a lease modification as permitted by the amendment to the financial reporting standard on leases. It allows lessees to account for such rent concessions as variable lease payments. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease.

NOTES TO THE FINANCIAL STATEMENTS

25. Other liabilities

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Non-current:</u>				
Membership administration fees (Note 25A)	744	705	744	705
Star Shield warranty (Note 25B)	1,497	1,330	-	-
Total non-current other liabilities	2,241	2,035	744	705
<u>Current:</u>				
Membership administration fees (Note 25A)	2,074	3,065	2,074	3,065
Star Shield warranty (Note 25B)	908	934	-	-
Customer loyalty programme (Note 25C)	1,589	1,953	1,589	1,953
Customer vouchers	269	201	269	201
Government grant unamortised# ^a	1,011	-	985	-
Total current other liabilities	5,851	6,153	4,917	5,219

#a. Government grant unamortised is in relation to the Jobs Support Scheme.

25A. Membership administration fees

The group operates the ValueClub, the Challenger membership scheme, where membership administration fees are received from members at the start of the membership scheme for a period of 8 months, 18 months or 28 months (2019: 8 months, 18 months or 28 months).

	Group and Company	
	2020 \$'000	2019 \$'000
<u>Revenue deferred relating to membership administration fees:</u>		
Balance at beginning of the year	3,770	5,901
Membership administration fees received	3,204	3,653
Revenue recognised on a time-proportion basis	(4,156)	(5,784)
Balance at end of the year	2,818	3,770
Presented in the statements of financial position:		
Non-current	744	705
Current	2,074	3,065
Total	2,818	3,770

NOTES TO THE FINANCIAL STATEMENTS

25. Other liabilities (cont'd)

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	
	2020 \$'000	2019 \$'000
<u>Revenue deferred relating to Star Shield Warranty:</u>		
Balance at beginning of the year	2,264	2,491
Cash received	1,077	898
Revenue recognised on a time-proportion basis	(936)	(1,125)
Balance at end of the year	2,405	2,264
Presented in the statements of financial position as:		
Non-current	1,497	1,330
Current	908	934
Total	2,405	2,264

25C. Customer loyalty programme

The group operates the ValueClub, the Challenger membership scheme, where every dollar spent on the purchase of the group's products entitles the member to earn one reward point. Reward points accumulated can be used to redeem specific products at specific retail locations, or cash vouchers issued by the company. The group recognises revenue for the loyalty points redeemed and recognises a contract liability for the unredeemed points at the end of the first reporting period. The estimates of the points that will be redeemed is updated periodically. The contract liability is recognised until the points are redeemed or expire.

	Group and Company	
	2020 \$'000	2019 \$'000
<u>Revenue deferred relating to customer loyalty programme:</u>		
Balance at beginning of the year	1,953	1,922
Revenue deferred in respect of award credits earned	2,445	2,896
Revenue recognised on discharge of obligations for award credits	(2,809)	(2,865)
Balance at end of the year	1,589	1,953

NOTES TO THE FINANCIAL STATEMENTS

26. Provisions

Provision for dismantling and removing the items and restoring the outlet premises relating to property, plant and equipment:

	Group and Company	
	2020 \$'000	2019 \$'000
Movement in above provision:		
Balance at beginning of the year	2,067	1,955
Additions – included in property, plant and equipment	88	170
Used	(31)	(58)
Balance at end of the year	2,124	2,067

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	16,677	19,309	16,322	18,715
Subsidiaries	–	–	–	35
Trade payables – subtotal	16,677	19,309	16,322	18,750
<u>Other payables:</u>				
Advances paid	433	448	220	112
Deposits received	136	118	121	118
Other payables	171	113	121	106
Other payables – subtotal	740	679	462	336
Total trade and other payables	17,417	19,988	16,784	19,086

28. Contingent liabilities

	Company	
	2020 \$'000	2019 \$'000
Corporate guarantee given to bank in favour of a subsidiary	350	350
Undertaking to support a subsidiary in deficit	1,761	1,850

NOTES TO THE FINANCIAL STATEMENTS

29. Operating lease income commitments – as lessor

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	
	2020 \$'000	2019 \$'000
Not later than one year	45	146
Rental income for the year (Note 5)	2,182	2,305

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.

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	99,046	80,596	89,645	71,743
Financial assets that are debt asset instruments at FVTOCI	5,987	5,905	5,987	5,905
Financial assets that are investments at FVTOCI	309	309	-	-
At end of the year	105,342	86,810	95,632	77,648
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	44,906	43,227	44,308	42,327

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 analyses 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

30. Financial instruments: information on financial risks (cont'd)

30D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. 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 with banks and any other financial instruments 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 impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables.

For credit risk on trade receivables and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment 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 as disclosed in Note 21 represents balance with less than 90 days maturity. 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

The 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. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The average credit period taken to settle trade payables is about 30 days (2019: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

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 – 2 years \$	2 – 3 years \$	3 – 4 years \$	4 – 5 years \$	Total \$
<u>2020:</u>						
Gross lease liabilities	13,678	10,324	3,152	1,426	337	28,917
Trade and other payables	16,984	-	-	-	-	16,984
At end of the year	30,662	10,324	3,152	1,426	337	45,901
<u>2019:</u>						
Gross lease liabilities	11,922	8,037	4,464	68	-	24,491
Trade and other payables	19,540	-	-	-	-	19,540
At end of the year	31,462	8,037	4,464	68	-	44,031
<u>Company</u>	Less than 1 year \$	1 – 2 years \$	2 – 3 years \$	3 – 4 years \$	4 – 5 years \$	Total \$
<u>2020:</u>						
Gross lease liabilities	13,513	10,308	3,152	1,426	337	28,736
Trade and other payables	16,564	-	-	-	-	16,564
At end of the year	30,077	10,308	3,152	1,426	337	45,300
<u>2019:</u>						
Gross lease liabilities	11,758	7,872	4,449	68	-	24,147
Trade and other payables	18,974	-	-	-	-	18,974
At end of the year	30,732	7,872	4,449	68	-	43,121
<u>Bank facilities:</u>	Group		Company			
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000		
Undrawn borrowing facilities	32,860	43,325	32,760	43,225		
Unused bank guarantees	6,149	6,086	5,946	5,946		

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments: information on financial risks (cont'd)

30F. Interest rate risk

The interest rate risk exposure is from changes in fixed and floating interest rates. The interest from financial assets including cash balances and corporate bonds and financial liabilities are not significant.

The group is 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	Chinese Renminbi \$'000	United States Dollar \$'000	Total \$'000
2020:			
Financial assets:			
Cash	137	32	169
2019:			
Financial assets:			
Cash	114	26	140

Company	Chinese Renminbi \$'000	Hong Kong Dollar \$'000	United States Dollar \$'000	Total \$'000
2020:				
Financial assets:				
Cash	86	-	26	112
Net financial assets at end of the year	86	-	26	112
2019:				
Financial assets:				
Cash	63	-	19	82
Loans and receivables	-	468	-	468
Net financial assets at end of the year	63	468	19	550

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on pre-tax profit is not significant.

30H. Equity price risk

There are investments in corporate bonds and unquoted equity shares. As a result, 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. 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) 3	The Conceptual Framework for Financial Reporting
SFRS (I) 1-1 and 1-8	Definition of a Business – Amendments to SFRS (I) 3
SFRS (I) PS 2	Amendments to SFRS (I) 1-1 and SFRS (I) 1-8: Definition of Material
	SFRS (I) Practice Statement 2 Making Materiality Judgements
SFRS (I) 1-39; 7 and 9	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate
SFRS (I) 16	Benchmark Reform
	Amendment to SFRS (I) 16: Covid-19 Related Rent Concessions (effective from 1 June 2020)

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) 3	Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 Jan 2022
SFRS (I) 1-16	Amendments to SFRS(I) 16: Property, Plant and Equipment: Proceeds before Intended Use	1 Jan 2022
SFRS (I) 1-37	Amendments to SFRS(I) 37: Onerous Contracts – Costs of Fulfilling a Contract	1 Jan 2022
SFRS (I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022
SFRS (I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-Current	1 Jan 2023

STATISTICS OF SHAREHOLDINGS

As at 15 March 2021

Distribution Of Shareholdings

Size Of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	64	6.27	1,847	0.00
100 – 1,000	126	12.34	82,693	0.02
1,001 – 10,000	379	37.12	1,860,246	0.54
10,001 – 1,000,000	434	42.51	29,931,354	8.67
1,000,001 and above	18	1.76	313,331,821	90.77
Total	1,021	100.00	345,207,961	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Loo Leong Thye	148,352,250	42.97
2	Ng Leong Hai	83,067,500	24.06
3	Ong Sock Hwee	35,247,550	10.21
4	DB Nominees (Singapore) Pte Ltd	9,182,500	2.66
5	DBS Nominees (Private) Limited	7,538,107	2.18
6	Lim Yew Hoe	5,428,050	1.57
7	Loo Pei Fen (Lu Peifen)	4,492,500	1.30
8	Wang Tong Peng @Wang Tong Pang	3,363,299	0.97
9	Wong Tong Liew	2,670,000	0.77
10	Citibank Nominees Singapore Pte Ltd	2,196,670	0.64
11	United Overseas Bank Nominees (Private) Limited	2,074,397	0.60
12	Tan Wee Ko	1,788,000	0.52
13	Law Kim Hong Rosalind	1,546,499	0.45
14	Loh Tee Yang	1,376,499	0.40
15	Ng Kwong Chong or Liu Oi Fui Ivy	1,300,000	0.38
16	Tan Kok Ching	1,300,000	0.38
17	Lur Aik Beng	1,208,000	0.35
18	Ng Kian Teck	1,200,000	0.35
19	Heng Tock Hin	880,999	0.26
20	Choong Kien Siong	786,000	0.23
	Total	314,998,820	91.25

STATISTICS OF SHAREHOLDINGS

As at 15 March 2021

Substantial Shareholders

Name Of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Loo Leong Thye	148,352,250	42.97%	40,378,900	11.70%
Ng Leong Hai	83,067,500	24.06%	-	-
Ong Sock Hwee	35,247,550	10.21%	-	-

- * Mr Loo Leong Thye is deemed to be interested in the 5,131,350 shares held by his daughter and son, and 35,247,550 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 15 March 2021, approximately 20.35% 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 will be convened and held by way of electronic means on Wednesday, 28 April 2021 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 2020 together with the report of the Auditors and the Statement by Directors. **(Resolution 1)**
2. To declare a final tax exempt (one-tier) dividend of 2.70 cents per ordinary share for the financial year ended 31 December 2020. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Regulation 107 of the Company's Constitution and who, being eligible, offer themselves for re-election:
 - (a) Mr Loo Leong Thye **(Resolution 3)**
 - (b) Ms Tan Chay Boon **(Resolution 4)**[See Explanatory Note (1)]
4. That, subject to and contingent upon the passing of Resolution 4 and Resolution 8, to approve the continued appointment of Ms Tan Chay Boon as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (which will take effect from 1 January 2022), and such authority conferred by this Resolution shall continue in force until the earlier of (i) the retirement or resignation of Ms Tan Chay Boon as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution. **(Resolution 5)**
[See Explanatory Note (2)]
5. That, subject to and contingent upon the passing of Resolution 9, to approve the continued appointment of Mr Tan Han Beng as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) and such authority conferred by this Resolution shall continue in force until the earlier of (i) the retirement or resignation of Mr Tan Han Beng as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution. **(Resolution 6)**
[See Explanatory Note (2)]

NOTICE OF ANNUAL GENERAL MEETING

6. That, subject to and contingent upon the passing of Resolution 10, to approve the continued appointment of Mr Max Ng Chee Weng as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and such authority conferred by this Resolution shall continue in force until the earlier of (i) the retirement or resignation of Mr Max Ng Chee Weng as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

(Resolution 7)

[See Explanatory Note (2)]

7. That, subject to and contingent upon the passing of Resolution 4 and Resolution 5, members (excluding the Directors and Chief Executive Officer (“CEO”) of the Company, and associates of such Directors and CEO) to approve the continued appointment of Ms Tan Chay Boon as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and such authority conferred by this Resolution shall continue in force until the earlier of (i) the retirement or resignation of Ms Tan Chay Boon as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

(Resolution 8)

[See Explanatory Note (2)]

8. That, subject to and contingent upon the passing of Resolution 6, members (excluding the Directors and CEO of the Company, and associates of such Directors and CEO) to approve the continued appointment of Mr Tan Han Beng as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and such authority conferred by this Resolution shall continue in force until the earlier of (i) the retirement or resignation of Mr Tan Han Beng as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

(Resolution 9)

[See Explanatory Note (2)]

9. That, subject to and contingent upon the passing of Resolution 7, members (excluding the Directors and CEO of the Company, and associates of such Directors and CEO) to approve the continued appointment of Mr Max Ng Chee Weng as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and such authority conferred by this Resolution shall continue in force until the earlier of (i) the retirement or resignation of Mr Max Ng Chee Weng as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

(Resolution 10)

[See Explanatory Note (2)]

10. To approve the payment of Directors’ fees of S\$170,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears.

(Resolution 11)

11. To re-appoint RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 12)

12. 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:-

13. That pursuant to Section 161 of the Companies Act, Chapter 50, 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.

(Resolution 13)

[See Explanatory Note (3)]

BY ORDER OF THE BOARD

CHIA FOON YEOW
Company Secretary
12 April 2021

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (1) Mr Loo Leong Thye will, upon re-election as a Director of the Company, remain as the Executive Director and CEO of the Company.

Ms Tan Chay Boon will, upon re-election as a Director of the Company, remain as an Independent Director and member of the Audit Committee, the Nominating Committee and the Remuneration Committee, and the Board considers her to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Detailed information on Mr Loo Leong Thye and Ms Tan Chay Boon 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 2020.

- (2) With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST requires a Director who has served for an aggregate of more than nine (9) years and is continuing appointment as an Independent Director to be subject to the approval through separate resolutions passed by (a) all Shareholders and (b) Shareholders, excluding the Directors and CEO of the Company, and associates of such Directors and CEO (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three (3) years from the conclusion of the Annual General Meeting following the passing of the resolutions or the retirement or resignation of the Director, whichever the earlier.

Resolution 5 and Resolution 8 relate to Ms Tan Chay Boon's re-election as a Director of the Company and her continued appointment as an Independent Director.

If Resolution 5 and Resolution 8 are both passed, Ms Tan Chay Boon will continue to be designated as an Independent Director of the Company until the earlier of (i) the retirement or resignation of Ms Tan Chay Boon as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of Resolution 5 and Resolution 8.

If either Resolution 5 or Resolution 8 is not passed, Ms Tan Chay Boon shall continue to be designated as an Independent Director of the Company up to and including 28 February 2022, and her appointment as a Director of the Company shall be re-assessed by the Company accordingly.

Resolution 6 and Resolution 9 relate to Mr Tan Han Beng's re-election as a Director of the Company and his continued appointment as an Independent Director.

If Resolution 6 and Resolution 9 are both passed, Mr Tan Han Beng will continue to be designated as an Independent Director of the Company until the earlier of (i) the retirement or resignation of Mr Tan Han Beng as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of Resolution 6 and Resolution 9.

If either Resolution 6 or Resolution 9 is not passed, Mr Tan Han Beng shall continue to be designated as an Independent Director of the Company up to and including 28 February 2022, and his appointment as a Director of the Company shall be re-assessed by the Company accordingly.

Resolution 7 and Resolution 10 relate to Mr Max Ng Chee Weng's re-election as a Director of the Company and his continued appointment as an Independent Director.

If Resolution 7 and Resolution 10 are both passed, Mr Max Ng Chee Weng will continue to be designated as an Independent Director of the Company until the earlier of (i) the retirement or resignation of Mr Max Ng Chee Weng as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of Resolution 7 and Resolution 10.

If either Resolution 7 or Resolution 10 is not passed, Mr Max Ng Chee Weng shall continue to be designated as an Independent Director of the Company up to and including 31 December 2021, and his appointment as a Director of the Company shall be re-assessed by the Company accordingly.

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

NOTICE OF ANNUAL GENERAL MEETING

Both the Nominating Committee and the Board are of the view that Ms Tan Chay Boon, Mr Tan Han Beng and Mr Max Ng Chee Weng, are independent and that there are no individuals or small groups of individuals who dominate the Board's decision-making process.

Detailed information on Ms Tan Chay Boon, Mr Tan Han Beng and Mr Max Ng Chee Weng who are seeking their continued appointments as Independent 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 2020.

- (3) The Ordinary Resolution 13 proposed in item 13 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 held by way of electronic means 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 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020. 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) Due to the current Covid-19 restriction orders in Singapore, a member will not be allowed to attend the Annual General Meeting in person. Alternative arrangements have been put in place to allow members to participate at the Annual General Meeting by (a) watching the Annual General Meeting proceedings via "live" audio-visual webcast or listening to the Annual General Meeting proceedings via "live" audio-only stream, (b) submitting questions in advance of the Annual General Meeting, and/or (c) voting by proxy at the Annual General Meeting. The "live" webcast will not provide for online voting.
- (a) Members who wish to watch the "live" webcast of the Annual General Meeting or listen to the "live" audio stream of the Annual General Meeting proceedings must preregister at the URL <http://smartagm.sg/challengeragm2021> by 10.00 a.m. on 24 April 2021. Authenticated members will receive an email notification by 10.00 a.m. on 26 April 2021 and will be able to access the webcast and audio stream of the Annual General Meeting proceedings by logging in to their account created during at the pre-registration site. Members who do not receive an email by 10.00 a.m. on 26 April 2021, but who have registered by the 24 April 2021 deadline, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 62309564/768 or via email to srs.teamd@boardroomlimited.com.
- (b) Members who pre-register to access the webcast or audio stream 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 24 April 2021 via the pre-registration website at the URL <http://smartagm.sg/challengeragm2021> or 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

NOTICE OF ANNUAL GENERAL MEETING

Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 or electronically via email to srs.teamd@boardroomlimited.com. The Company shall address substantial queries received from members 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. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed forms by post, members are strongly encouraged to submit completed forms electronically via email or via the pre-registration website.

Please note that members will not be able to ask questions at the Annual General Meeting "live" during the webcast and the audio stream, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the Annual General Meeting.

- (c) Members will not be able to vote online on the resolutions to be tabled for approval at the Annual General Meeting. Instead, if a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Annual General Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Annual General Meeting as proxy for that resolution will be treated as invalid.

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> and the pre-registration website.

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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; 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 26 April 2021.

- (iii) 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.
- (iv) 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 16 April 2021, being seven (7) working days before 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 Loo Leong Thye, Ms Tan Chay Boon, Mr Tan Han Beng and Mr Max Ng Chee Weng who are seeking re-election as Directors and/or continued appointment as Independent Directors at the forthcoming Annual General Meeting. The information shall be read in conjunction with their respective biographies in the Annual Report.

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
Date of Appointment	14/01/1984	01/03/2013	01/03/2013	12/01/2006
Date of last re-appointment	26/04/2018	29/04/2019	11/06/2020	29/04/2019
Age	67	61	46	50
Country of Residence	Singapore	Singapore	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 Loo as an 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 Loo has abstained from the deliberation of the Board pertaining to his re-election.</p>	<p>The re-election of Ms 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 she was appointed as a Director of the Company.</p>	<p>The Nominating Committee (NC) has recommended for the approval of Mr Tan for his continued appointment as Independent Director (as his tenure shall exceed 9 years by 28 February 2022) at the forthcoming Annual General Meeting pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect on 1 January 2022.</p> <p>Both the NC and the Board are of the view that Mr Tan is independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.</p>	<p>The Nominating Committee (NC) has recommended for the approval of Mr Ng for his continued appointment as Independent Director (as his tenure exceeded 9 years) at the forthcoming Annual General Meeting pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect on 1 January 2022.</p> <p>Both the NC and the Board are of the view that Mr Ng is independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
		<p>The NC has recommended for the approval of Ms Tan for her continued appointment as Independent Director (as her tenure shall exceed 9 years by 28 February 2022) at the forthcoming Annual General Meeting pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect on 1 January 2022.</p> <p>Both the NC and the Board are of the view that Ms Tan is independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.</p> <p>Ms Tan has abstained from the deliberation of the NC as well as that of the Board pertaining to her re-election and continued appointment as Independent Director.</p>	<p>Mr Tan has abstained from the deliberation of the NC as well as that of the Board pertaining to his continued appointment as Independent Director.</p>	<p>Mr Ng has abstained from the deliberation of the NC as well as that of the Board pertaining to his continued appointment as Independent Director.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive Director & CEO	Non-Executive	Non-Executive	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
<p>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</p>	<p>Executive Director</p>	<p>Non-Executive and Independent Director, Member of the Audit Committee, the Nominating Committee and Remuneration Committee</p>	<p>Non-Executive and Lead Independent Director, Chairman of the Audit Committee, Member of the Nominating Committee and Remuneration Committee</p>	<p>Non-Executive and Independent Director, Chairman of the Nominating Committee and Remuneration Committee, Member of the Audit Committee</p>
<p>Professional qualifications</p>	<ul style="list-style-type: none"> • Graduate Diploma in Marketing Management, Singapore Institute of Management • Diploma in Management Studies, Singapore Institute of Management • Industrial Technician Certificate, Singapore Polytechnic • Full Technological Certificate, the City and Guilds of London Institute 	<ul style="list-style-type: none"> • Master of Business Administration, University of Dubuque, Iowa • Bachelor's Degree with a dual major in Logistics/Transportation and International Business, and a minor in Industrial Psychology, Ohio State University, Ohio 	<ul style="list-style-type: none"> • Chartered Accountant (Singapore) 	<ul style="list-style-type: none"> • Bachelor of Laws, National University of Singapore • Master of Laws, National University of Singapore • Senior Fellow Member for the Bali International Arbitration and Mediation Center • Fellow with the Singapore Institute of Arbitrators • Fellow with the Asian Institute of Alternative Dispute Resolution • Associate with the Chartered Institute of Arbitrators • Associate Mediator with the Singapore Mediation Centre • Associate Mediator with the Panel of Mediators for the Law Society Mediators Scheme • Panel of Arbitrators and Mediators of the Asian International Arbitration Centre • Commissioner for Oaths and Notaries Public

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
Working experience and occupation(s) during the past 10 years	Please refer to Mr Loo's biography set out under the section "Profile of Board of Directors" of the Annual Report	Please refer to Ms 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	Please refer to Mr Ng'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 Loo has direct interest in 148,352,250 shares and deemed interest in 5,131,350 shares held by his daughter and son, and 35,247,550 shares held by his wife.	None	None	Mr Ng has direct interest in 17,500 shares and deemed interest in 11,500 shares held by his wife.
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	Yes. Mr Loo is the father of Ms Loo Pei Fen, Deputy Chief Executive Officer of the Company.	None	None	None
Conflict of interest (including any competing business)	None	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
OTHER PRINCIPAL COMMITMENTS INCLUDING DIRECTORSHIPS				
Past (for the last 5 years)	None	None	<ul style="list-style-type: none"> • Kitchen Culture Holdings Ltd 	<ul style="list-style-type: none"> • AquaAgro Projects Pte. Ltd. • Adamas Pharmaceuticals Asia Pte.Ltd. • BelleKimia Singapore Pte. Ltd. • Bloom Aqua Pte. Ltd. • Discoperi Pte. Ltd. • Law In Order Pte. Ltd. • Phyto Medicchem Singapore Pte. Ltd. • Quang Minh Vietnam-Singapore Pte. Ltd. • Sea Aquaculture Pte. Ltd. • Techjet Aviation Pte. Ltd. • Tradeways Pte. Ltd. • Ventura Pacific Corporation Pte. Ltd.
Present	<ul style="list-style-type: none"> • CBD eVision Pte Ltd • Challenger Ventures Pte Ltd • Incall Systems Pte Ltd • Challenger Holding (HK) Pte Ltd • Valore (Shenzhen) Pte Ltd 	None	<ul style="list-style-type: none"> • Don Agro International Limited • Old Chang Kee Ltd 	<ul style="list-style-type: none"> • Achilles Sports Pte. Ltd. • Advantage Property Services Pte. Ltd. • Alpha Energy Holdings Limited • Amaroo Blackdown Investments Pte. Ltd. • Aryaka Networks Singapore Pte. Ltd. • Cronus Sports Pte. Ltd. • Dawei LNG Terminal Holding Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
			<ul style="list-style-type: none"> • Dawei Power Holding Pte. Ltd. • Dawei Residence Holding Pte. Ltd. • Dawei Telecom Holding Private Limited • DMPH Holdings Pte. Ltd. • Euro Moto Sport Pte. Ltd. • Eurobikes Trading Company Pte. Ltd. • Finscore Pte. Ltd. • Full Prospect (IP) Pte. Ltd. • Gateway Corporate Services Pte. Ltd. • Gateway IP Services Sdn. Bhd. • Gateway Law Corporation • Hebe Fashions Pte. Ltd. • Hillmorton Capital Pte. Ltd. • Infoserve Holdings Pte. Ltd. • Kingkow (IP) Pte. Ltd. • Kolon Sport China (IP) Pte. Ltd. • La Plantation Management Pte. Ltd. • Laumes International Resorts Pte. Ltd. • LNG Plus International (Singapore) Pte. Ltd. • Lukela Pte. Ltd. • Marine Stewardship Council Asia Ltd. • McLarty Asia Pte. Ltd.

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
				<ul style="list-style-type: none"> • Mitik Nature Pte. Ltd. • MOBH Holding Pte. Ltd. • Motive Force Sports Products (Singapore) Pte. Ltd. • Myandawei Industrial Estate Holding Pte. Ltd. • Oatly APAC Pte. Ltd. • Oatly Pte. Ltd. • Oatly Singapore Operations & Supply Pte. Ltd. • Oventure Pte. Ltd. • Pay All Lifestyle Payment Network Pte. Ltd. • Sintech CLC Pte. Ltd. • SLTI Pte. Ltd. • Thai International Industrial Estate Development Private Limited • Thai Power Development Private Limited • Thai Telecom Development Private Limited • Wing (Cambodia) Pte. Ltd. • Xcoal Energy & Resources Singapore Pte. Ltd. • Xnergy & Resources Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
(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	No	No
(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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
(c) Whether there is any unsatisfied judgment against him?	No	No	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	No	No
(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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
(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	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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
(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	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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
<p>(i) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p>	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
(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	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,	No	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?				

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Loo Leong Thye	Ms Tan Chay Boon	Mr Tan Han Beng	Mr Max Ng Chee Weng
(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	No	No

CHALLENGER TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No: 198400182K

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

- The Annual General Meeting is being convened, and will be held by way of electronic means 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 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020.
- 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> and the pre-registration website at the URL <http://smartagm.sg/challengeragm2021>.
- Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. Alternative arrangements have been put in place to allow members to participate at the Annual General Meeting by (a) watching the Annual General Meeting proceedings via "live" webcast or listening to the Annual General Meeting proceedings via "live" audio stream, (b) submitting questions in advance of the Annual General Meeting, and/or (c) voting by proxy at the Annual General Meeting.
- A member (whether individual or corporate) must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.
- 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 16 April 2021.
- By submitting an instrument appointing the Chairman of the Annual General Meeting as proxy, completing the registration form for the "live" webcast or "live" audio stream, or submitting any questions to the Company prior to the Annual General Meeting, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2021.
- 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, _____ (Name)

of _____ (Address)
being a member/members of CHALLENGER TECHNOLOGIES LIMITED (the "Company") hereby appoint(s) the Chairman of the Annual General 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 by way of electronic means on Wednesday, 28 April 2021 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 2020 together with the report of the Auditors and Statement by Directors.			
2	Payment of proposed final tax exempt (one-tier) dividend of 2.70 cents per ordinary share for the financial year ended 31 December 2020.			
3	Re-election of Mr Loo Leong Thye as a Director.			
4	Re-election of Ms Tan Chay Boon as a Director.			
5	Approval for the continued appointment of Ms Tan Chay Boon, as an Independent Director by members, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (which will take effect from 1 January 2022).			
6	Approval for the continued appointment of Mr Tan Han Beng, as an Independent Director by members, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
7	Approval for the continued appointment of Mr Max Ng Chee Weng, as an Independent Director by members, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
8	Approval for the continued appointment of Ms Tan Chay Boon, as an Independent Director by members (excluding the Directors and Chief Executive Officer ("CEO") of the Company, and associates of such Directors and CEO), for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
9	Approval for the continued appointment of Mr Tan Han Beng, as an Independent Director by members (excluding the Directors and CEO of the Company, and associates of such Directors and CEO), for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
10	Approval for the continued appointment of Mr Max Ng Chee Weng, as an Independent Director by members (excluding the Directors and CEO of the Company, and associates of such Directors and CEO), for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
11	Approval of Directors' fees amounting to S\$170,000 for the financial year ending 31 December 2021 to be paid quarterly in arrears.			
12	Re-appointment of RSM Chio Lim LLP as Auditors and to fix their remuneration.			
Special Business				
13	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, Cap. 50, 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 _____, 2021.

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

- Due to the current COVID-19 restrictions in Singapore, a member of the Company will not be able to attend the Annual General Meeting in person, nor will a member of the Company be able to vote online.** If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. Please note that a member may not vote at the Annual General Meeting otherwise than by way of appointing the Chairman of the Annual General Meeting as the member's proxy. In appointing the Chairman of the Annual General Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Annual General Meeting as proxy for that resolution will be treated as invalid.
- 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 and the pre-registration website at the URL <http://smartagm.sg/challengeragm2021>.
- 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, Cap. 289), 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.
- This proxy form must be submitted in the following manner:
 - if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - 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 26 April 2021.
- 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.
In view of the current COVID-19 situation and the related safe distancing measures, members are strongly encouraged to submit completed proxy forms electronically via email.
- Investors whose shares are held with relevant intermediaries (as defined in Section 181(6) of the Companies Act (Chapter 50)) 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 16 April 2021, being seven (7) working days before the Annual General Meeting. 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 a duly authorised officer.
- 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 12 April 2021.

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Affix
Postage
Here

Challenger Technologies Ltd

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

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623



CHALLENGER TECHNOLOGIES LIMITED

Company Registration Number: 198400182K