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

PROPOSED DISPOSAL BY THE COMPANY'S WHOLLY OWNED SUBSIDIARY OF ITS ENTIRE 70% SHAREHOLDING INTEREST IN INCALL SYSTEMS PTE. LTD.

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1. INTRODUCTION

The board of directors (the "**Board**") of Challenger Technologies Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly owned subsidiary, Challenge Ventures Pte. Ltd. ("**CVPL**"), has entered into a sale and purchase agreement (the "**Sale Agreement**") with Seah Chin Tiong (the "**Purchaser**") in relation to the proposed disposal of all of the shares held by CVPL representing 70% of the total issued and paid-up share capital of Incall Systems Pte. Ltd. ("**ISPL**") (the "**Proposed Disposal**").

2. INFORMATION ON ISPL AND THE PURCHASER

2.1 Information on ISPL

ISPL is a private company limited by shares incorporated in Singapore on 7 April 2000, which has a total issued and paid-up share capital of S$300,000.

As of the date of this announcement, CVPL holds 70% of the total issued and paid-up share capital of ISPL while the Purchaser holds the remaining 30% of the total issued and paid-up share capital of ISPL.

ISPL's principal activity is the business of providing call centre services, warranty and repair services for computer hardware and peripherals.

2.2 Information on the Purchaser

The Purchaser is currently the Managing Director of ISPL.

3. RATIONALE OF THE PROPOSED DISPOSAL

The Board is of the view that the Proposed Disposal is in the best interests of the Group.

ISPL currently mainly provides extended warranty programs to the Group's customers at the Group's retail outlets.

ISPL has been loss making and does not contribute any meaningful revenue to the Group.

Following a strategic review and taking into consideration the above factors, the Board has decided to divest its shareholdings in ISPL.

Moving forward, the Group will fully manage its own extended warranty services program to its customers known as Valueclub Extended Warranty.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The consideration of S$1 for the Proposed Disposal (the "**Consideration**") was agreed between the Purchaser and CVPL.

The Consideration was arrived at after arm's length negotiations and on a willing-buyer-willing-seller basis, taking into account the net liability value of ISPL, the Service Agreement between ISPL and the Company (as defined and set out below in paragraph 5) below and the rationale for the Proposed Disposal (as set out in paragraph 3 above). Payment will be made on completion of the Proposed Disposal via cash or cheque.

4.2 Completion

Subject to the terms and conditions of the Sale Agreement, completion of the Proposed Disposal shall take place on a date no later than 30 June 2023 (the "**Completion Date**").

5. SERVICE AGREEMENT

The Company will enter into a Service Agreement with ISPL for a period of 3 years (the "**Service Agreement**"). The purpose of the Service Agreement is for the Group to continue to service the outstanding warranties entered into by ISPL before 30 April 2023. The amount of the service fee to be paid by ISPL to the Company is approximately S$840,000 and ISPL shall make a lump sum payment of the service fee to the Company (after the Completion date).

6. VALUE OF THE DISPOSAL SHARES

6.1 Book value, net asset value and open market value

Based on the latest audited consolidated financial statements of the Group for the year ended 31 December 2022 (the "**FY2022 FS**"), the book value of the shares to be transferred pursuant to the Proposed Disposal (the "**Disposal Shares**") as at 31 December 2022 is the same as the ISPL's net liability value, which was S$900,000 (calculated based on the Company's 70% indirect equity interest in ISPL). To date, no open market valuation has been carried out in respect of ISPL as its net liability mainly consists of cash, receivables and payables, which book value approximates its fair value.

6.2 Net loss

The net loss attributable to ISPL based on the FY2022 FS, calculated based on the Company's 70% indirect equity interest in ISPL, is approximately S$871,000.

6.3 Gain on disposal

Based on the FY2022 FS, the Proposed Disposal represents an excess of approximately S$900,000 of the book value or the net tangible liability value of the Disposal Shares (calculated based on the Company's 70% indirect equity interest in ISPL).

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL

For the purposes of Chapter 10 of the Listing Manual, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual based on the Company's 70% indirect equity interest in ISPL and the FY2022 FS are set out below:

Rule 1006	Bases	Relative Figures
(i)	Net liability value of the liabilities to be disposed of[(1)], compared with the Group's net asset value of S$159,849,000.	0.56%
(ii)	Net losses attributable to the liabilities to be disposed of[(2)], compared with the Group's net profits of S$9,874,000[(3)].	8.82%
(iii)	Aggregate value of the Consideration to be received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.0000005%[(4)]
(iv)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable[(5)]
(v)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable[(6)]

Notes:

(1) The net liability value attributable to the liabilities disposed of under the Proposed Disposal, calculated based on Company's 70% indirect equity interest in ISPL, is S$900,000.

(2) The net losses attributable to the liabilities disposed of under the Proposed Disposal for the year ended 31 December 2022, calculated based on Company's 70% indirect equity interest in ISPL, is S$871,000.

(3) The net profits of the Group for the year ended 31 December 2022 is S$9,874,000.

(4) Calculated based on the consideration of S$1. The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "**Shares**") in issue (401,759,685) (excluding treasury shares) by closing price of S$0.525 per Share on 27 April 2023, being the full market day immediately preceding the signing of the Sale Agreement.

(5) There will be no issuance of consideration shares in relation to the Proposed Disposal.

(6) The Company is not a mineral, oil or gas company.

Based on the above, the relative figures exceed 5% but do not exceed 20%. Taking into consideration the guidance provided in Practice Note 10.1 of the Listing Manual, the Proposed Disposal falls under the definition of a disclosable transaction under Rule 1010 of the Listing Manual, and therefore does not require the approval of shareholders of the Company.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, the financial effects of the Proposed Disposal on the Group are as set out below (the "**Financial Effects**"). The Financial Effects do not necessarily reflect the exact future financial position and performance of the Group immediately after completion of the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Disposal. In accordance with Rule 1010(8) of the Listing Manual, the Financial Effects have been calculated using the FY2022 FS.

8.1 Effects on net tangible assets ("NTA")

Assuming that the Proposed Disposal had been completed on 31 December 2022, the effect of the Proposed Disposal on the NTA per Share of the Group is as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$'000)	159,849	160,749
Number of Shares ('000)	401,760	401,760
NTA per Share (S$)	0.40	0.40

8.2 Effects on earnings per Share ("EPS")

Assuming that the Proposed Disposal had been completed on 1 January 2022, the effect of the Proposed Disposal on the EPS of the Group is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to Shareholders (S$'000)	9,874	10,745
Number of Shares ('000)	401,760	401,760
EPS (cents)	2.46	2.67

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholder(s) of the Company have any interests, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale Agreement will be made available for inspection during normal business hours at the registered office of Loo & Partners LLP, the company secretary, at 160 Robinson Road, #15-06 SBF Center, Singapore 068914 for a period of three months from the date of this announcement.

By Order of the Board

Chia Foon Yeow
Company Secretary
28 April 2023