



**CHALLENGER TECHNOLOGIES LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 198400182K)

(the "Company")

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**PROPOSED SUBSCRIPTION OF 56,551,724 NEW SHARES AT S\$0.58 EACH  
FOR AN AGGREGATE CONSIDERATION OF S\$32,800,000**

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**1. BACKGROUND**

- 1.1 The Board of Directors (the "**Board**" or the "**Directors**") of Challenger Technologies Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that it has entered into a share subscription agreement dated 13 October 2021 (the "**Share Subscription Agreement**") with Digileap Capital Limited (the "**Subscriber**") for the issue and allotment by the Company to the Subscriber of 56,551,724 new ordinary shares (the "**Subscription Shares**") in the capital of the Company ("**Shares**") on the terms and subject to the conditions of the Share Subscription Agreement (the "**Subscription**").
- 1.2 Pursuant to the terms of the Share Subscription Agreement, the Company proposes to raise capital by issuing the Subscription Shares to the Subscriber at an issue price of S\$0.58 per Subscription Share (the "**Issue Price**"), to raise gross proceeds of S\$32,800,000.
- 1.3 The Subscription Shares shall be allotted and issued pursuant to the general share issue mandate to issue new ordinary shares in the capital of the Company passed by the Company's shareholders ("**Shareholders**") at the Company's annual general meeting held on 28 April 2021 (the "**AGM**").
- 1.4 The Subscription is not underwritten and no placement agent will be appointed for the Subscription. The Subscription will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Subscription.

**2. INFORMATION ON THE SUBSCRIBER**

- 2.1. Details of the Subscriber, the number of Subscription Shares to be subscribed by the Subscriber and the consideration to be paid by the Subscriber are set out below:

Name of Subscriber	Number of Subscription Shares Subscribed	Aggregate Consideration (S\$)	Subscription Shares as a % of Existing Issued Share Capital <sup>(1)</sup>	Subscription Shares as a % of Enlarged Issued Share Capital <sup>(2)</sup>	Total Shareholding as a % of Enlarged Issued Share Capital <sup>(3)</sup>
Digileap Capital Limited	56,551,724	\$32,800,000	16.38%	14.08%	14.92%

Notes:

(1) Number of Subscription Shares divided by existing issued number of Shares of 345,207,961.

(2) Number of Subscription Shares divided by enlarged issued number of Shares of 401,759,685.

(3) Existing shareholding aggregated with the number of Subscription Shares, divided by enlarged issued number of Shares of 401,759,685. As at the date of this announcement, the Subscriber holds 3,369,900 Shares in the capital of the Company.

- 2.2. The Subscriber is a special purpose vehicle incorporated under the laws of the Cayman Islands on 4 February 2019, which is wholly owned by Dymon Asia Private Equity (S.E. Asia) II Ltd (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P.) (“**Dymon Asia**”). Dymon Asia is managed by Dymon Asia Private Equity (Singapore) Pte. Ltd., a Singapore-based fund manager that manages Dymon Asia Private Equity (S.E. Asia) Fund, L.P., which has committed capital of S\$300million and Dymon Asia Private Equity (S.E. Asia) Fund II, L.P., a fund with commitments of US\$450million. The Subscriber is in the business of investments holding. It was a vehicle initially set up by the controlling shareholders and Dymon Asia for the delisting of the Company in 2019. As the delisting did not proceed, the controlling shareholders sold their stake in Digileap to Dymon Asia. Subsequently, Dymon Asia approached the Company with an interest to take a stake in the Company. Other than injecting funds into the Company, the Subscriber as a strategic investor will be able to work with the Company on its growth strategies.
- 2.3. Further, the Subscriber has confirmed that it is not currently a person whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”). It should be noted, that on completion of the Subscription, the Subscriber will become a substantial Shareholder of the Company in accordance with Section 81(1) of the Companies Act (Chapter 50).
- 2.4. To the best of the Company’s knowledge and based on the confirmation received from the Subscriber, other than the 3,369,900 shares which the Subscriber is currently holding in the Company, and save in relation to the Subscription, none of the Subscriber, its directors and/or its shareholders are existing Shareholders of the Company. Further, none of them has any connection (including business relationship) with the Company, its Directors and/or its substantial Shareholders other than that mentioned in paragraph 2.2 above.

### **3. THE SUBSCRIPTION**

#### **3.1 The Issue Price and Consideration**

The Subscriber proposes to subscribe for the Subscription Shares for an aggregate consideration of S\$32,800,000 (the “**Consideration**”) at the Issue Price. The Consideration shall be paid by the Subscriber to the Company in full on the completion date being the date falling five (5) business days after all the Conditions (as defined below) set out in Paragraph 3.3 have been fulfilled.

The Issue Price represents a premium of 14% to the volume weighted average price of S\$0.50 for trade(s) done on the Company’s shares on the SGX-ST on 12 October 2021 (being the last full market day on which trades were done immediately preceding the date of the Share Subscription Agreement).

#### **3.2 The Subscription Shares**

The existing total number of Shares as at the date of this announcement and prior to the issue of the Subscription Shares is 345,207,961. Assuming that all of the Subscription Shares are issued on completion of the Subscription, the Company’s issued and paid-up share capital (excluding treasury shares) will increase to 401,759,685 Shares. The Subscription Shares represent approximately 16.38% of the existing issued and paid-up share capital (excluding treasury shares) of the Company as at the date of this announcement and approximately 14.08% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the Subscription.

The Subscription Shares will be allotted and issued pursuant to the general share issue mandate (the “**Share Issue Mandate**”) approved and granted by Shareholders at the AGM. Pursuant to the Share Issue Mandate, Directors have the authority to allot and issue shares or convertible securities or exercise 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 50% of the issued share capital of the Company (excluding treasury shares), 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 20% of the issued share capital of the Company (excluding treasury shares). The percentage of issued share capital (excluding treasury shares) is 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.

As at the date of the AGM, the total number of issued Shares (excluding treasury shares) was 345,207,961. Accordingly, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 172,603,980 Shares, of which the maximum number of Shares that can be issued other than on a pro rata basis is 69,041,592 Shares. As at the date of this announcement, no Shares have been issued pursuant to the Share Issue Mandate. As such, the 56,551,724 Subscription Shares that may be issued pursuant to the Subscription falls within the limits of the Share Issue Mandate.

There is no moratorium imposed on the Subscription Shares.

The Subscription Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and shall carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Subscription.

### **3.3 Conditions**

Completion is conditional upon the satisfaction (or, subject to the prior written consent of the Subscriber, or waiver) of the following conditions (the “**Conditions**”):

- (a) the Company obtaining the necessary approvals, consents and waivers from the relevant regulatory authorities and Directors for the Subscription;
- (b) the Company obtaining the necessary approvals and consents from the Directors for the appointment of one (1) person nominated by the Subscriber as the Director;
- (c) the completion of financial, business, operational, and legal due diligence by the Subscriber on the Company, and the findings of such due diligence being satisfactory to the Subscriber. In the event of any unsatisfactory due diligence findings, the Subscriber reserves the right not to proceed with the Subscription after consultation with the Company;
- (d) there being no material adverse change to the Company or its business and operations;
- (e) the Subscriber obtaining the approval of the Subscriber’s investment committee; and
- (f) the representations, warranties and undertakings by each Party remaining true and correct in all material respects and each Party having performed all of its obligations hereunder to be performed on or before Completion.

### 3.4 Additional Listing Application

The Company will be making an application to the SGX-ST for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

## 4. FINANCIAL EFFECTS OF THE SUBSCRIPTION

The financial effects of the Subscription set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Subscription.

The financial effects of the Subscription on the Group have been computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2020 and the following bases and assumptions:

- (a) the Subscription Shares are fully subscribed;
- (b) the expenses incurred in connection with the Subscription amount to approximately S\$15,000;
- (c) the financial effect on the consolidated net tangible assets (“**NTA**”) per Share of the Group is computed based on the assumption that the Subscription was completed on 30 June 2021; and
- (d) the financial effect on the consolidated earnings per Share (“**EPS**”) of the Group is computed based on the assumption that the Subscription was completed on 30 June 2021.

### NTA per Share

	Before the Subscription	After adjusting for the Subscription Shares
NTA of the Group (S\$'000)	120,973	153,773
Number of Shares	345,207,961	401,759,685
NTA per Share (Singapore cents)	35.04	38.27

### EPS

	Before the Subscription	After adjusting for the Subscription Shares
Profit attributable to equity holders of the Group (S\$'000)	9,339	9,339
Number of Shares	345,207,961	401,759,685
EPS per Share (Singapore cents)	2.71	2.32

## 5. RATIONALE AND USE OF PROCEEDS

The net proceeds from the Subscription (after deducting estimated expenses relating thereto) of approximately S\$32.79 million (the “**Net Proceeds**”) will be used by the Company in the following estimated proportions:

<b>Activities</b>	<b>Estimated Proportions (%)</b>
Strategic Investments and Mergers & Acquisitions	50
Product and Business Development, and Expansion of Business	50

These proportions are only an approximation and are subject to change.

The Company is currently exploring potential opportunities for strategic investments, mergers and acquisitions, product development, new business development, and/or expansion of businesses, and has undertaken the issue to strengthen its financial position and build up its war chest to capitalise on, and intends to utilise the net proceeds to finance such opportunities as and when they arise.

Pending the use of the Net Proceeds from the Subscription as outlined above, the Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the use of proceeds as stated in this announcement.

The Company will also provide a status report on the use of such Net Proceeds in the Company’s annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the Company’s announcements and annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

## 6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Subscription, save for their interests (if any) by way of their shareholdings and/or directorships, as the case may be, in the Company. In addition, the Subscriber is not under the control or influence of any of the Company’s Directors or substantial Shareholders.

## 7. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Subscription, the Share Subscription Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**8. TRADING CAUTION**

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the proposed allotment and issuance of the Subscription Shares will be completed or that no changes will be made to the terms thereof. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

**9. DOCUMENTS FOR INSPECTION**

A copy of the Share Subscription Agreement is available for inspection from 9.00 a.m. to 6.00 p.m. at the Company's Secretary's office at 160 Robinson Road, Singapore Business Federation Center #15-06, Singapore 068914 for a period of three (3) months from the date of this announcement.

By Order of the Board

Chia Foon Yeow  
Company Secretary  
13 October 2021