

CHALLENGER TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No.: 198400182K

PROPOSED BONUS SHARE ISSUE

1. INTRODUCTION

The Board of Directors of Challenger Technologies Limited (the “**Company**”) wishes to announce that the Company is proposing a bonus share issue to its shareholders on the basis of one (1) bonus share for every two (2) existing ordinary shares in the capital of the Company (“**Shares**”), fractional entitlement to be disregarded (the “**Proposed Bonus Share Issue**”).

Fractional entitlements to the Proposed Bonus Share Issue will be disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.

2. TERMS OF THE PROPOSED BONUS SHARE ISSUE

The actual number of Bonus Shares (as defined below) to be issued by the Company will depend on the total issued share capital of the Company as at books closure date to be announced (the “**Books Closure Date**”). Based on the existing issued and paid-up share capital of the Company comprising 230,138,658 Shares as at the date of this announcement, up to 115,069,329 new Shares (the “**Bonus Shares**”) will be issued pursuant to the Proposed Bonus Share Issue.

The Directors have agreed to issue and allot the Bonus Shares at nil consideration without capitalisation of the Company’s reserves.

The Bonus Shares will be issued at no cost to entitled shareholders without capitalisation of the Company’s reserves, and when allotted and issued, will rank *pari passu* in all respects with the existing issued Shares and with each other, except that the Bonus Shares will not be entitled to any dividends, rights, allotments or other distributions before the record date which falls before the date of issue of the Bonus Shares.

The issue of the Bonus Shares will be made pursuant to the Company’s share issue mandate approved by shareholders at the Company’s annual general meeting held on 27 April 2010.

3. RATIONALE FOR THE PROPOSED BONUS SHARE ISSUE

The Company is considering the Proposed Bonus Share Issue for the following reasons:

- a) to increase the issued share capital base of the Company to reflect the growth and expansion of the Company and its subsidiaries’ business;
- b) to give due recognition to its shareholders for their continuing support for the Company; and
- c) to increase the liquidity of the Shares in the market, encourage greater participation by investors and broaden the shareholder base of the Company.

4. CONDITION OF THE PROPOSED BONUS SHARE ISSUE

The Proposed Bonus Share Issue is subject to the in-principle approval of the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the dealing in, listing of and quotation for the Bonus Shares on the Official List of the SGX-ST being obtained. The Company will make an application to the SGX-ST for the dealing in, listing of and quotation for the new Bonus Shares arising from the Proposed Bonus Share Issue in due course.

5. FINANCIAL EFFECTS

The financial effects of the Proposed Bonus Share Issue based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2010 (“FY2010”) are set out below. It should be noted that the financial effects are for illustration purposes only and should not be taken to represent the actual financial situation of the Group immediately after the Proposed Bonus Share Issue or the future financial situation of the Group.

5.1 Share Capital

The effects on the share capital of the Company as at 31 December 2010 as if the Proposed Bonus Share Issue had been effected on 31 December 2010 are summarised below:-

Issued and paid-up share capital as at 31 December 2010	Number of Shares ('000)	Amount (S\$'000)
Before the Proposed Bonus Share Issue	230,139	18,775
Maximum number of Bonus Shares to be issued	115,070	Nil
After the Proposed Bonus Share Issue	345,209	18,775

5.2 Net Tangible Assets Per Share

The effects on the net tangible assets (“NTA”) per Share of the Group as at 31 December 2010 as if the Proposed Bonus Share Issue had been effected on 31 December 2010 are summarised below:

	NTA per Share (cents)
Before the Proposed Bonus Share Issue	14.90
After the Proposed Bonus Share Issue	9.93

5.3 Earnings per Share

The effects on the earnings per Share of the Group (“EPS”) for FY2010 as if the Proposed Bonus Share Issue has been effected on 31 December 2010 are summarised below:

	EPS (cents)
Before the Proposed Bonus Share Issue	5.94
After the Proposed Bonus Share Issue	3.96

5.4 Gearing

The Proposed Bonus Share Issue will not have any effect on the gearing of the Group.

5.5 Dividends

On 21 February 2011, the Company declared a final dividend of 1.1 per Share (one-tier tax exempt) for FY2010. The payment for the said dividend will be made on 31 May 2011.

Barring unforeseen circumstances, the Directors are of the opinion that the Company will be able to maintain the quantum of the dividend paid in respect of FY2010 on the enlarged share capital for the financial year ended 31 December 2010.

6. DIRECTORS' RESPONSIBILITY STATEMENT

This announcement has been reviewed and approved by the Directors, and the Directors collectively and individually accept full responsibility for the full and true disclosure and accuracy of the information given in this announcement. The Directors also confirm that after making all reasonable enquiries, and that to the best of their knowledge and belief, the statements and opinions expressed in this announcement are fair and accurate in all material respects as at the date hereof and that there are no material facts the omission of which would make this announcement misleading in any material respect.

7. ADDITIONAL INFORMATION

Persons registered in the register of The Central Depository (Pte) Limited or the Register of Members of the Company and depositors whose securities accounts are credited with Shares as at the Books Closure Date will be included for the purpose of the Proposed Bonus Share Issue on the basis of the number of such Shares registered in their names or standing to the credit of their securities accounts as at the Books Closure Date. The Company will make a further announcement on the Books Closure Date, subject to the said approval by the SGX-ST.

BY ORDER OF THE BOARD

LOO LEONG THYE
CHIEF EXECUTIVE OFFICER
21 February 2011