

Build your own IT Business

(Franchise Opportunity)

Challenger Franchise System

Introduction

The success in modern Information Technology (IT) retail business lies in having a large number of professionally managed and franchised chain outlets distributed in strategic locations throughout the country. The owner of each franchised outlet can concentrate on his retail business operations without having to bother about store layout design, product sourcing, technology tracking, competitive pricing, business advertising and services or support resources.

Challenger franchise is a full business format franchise that is in the mainstream of the IT retail business. It is based on more than 20 years of retail experience and is a well-tested and proven system. Opportunities are provided for interested parties to establish and operate a successful chain of computer stores.

We are looking for committed and focused entrepreneurs who would like to partner with us to enter successfully into the IT retail business. With our resources and experiences in the IT business and your commitment and dedication, we are confident that it will be a successful and profitable business venture.

Why Franchising?

1. Franchising Shows You The Way

Franchising has become a driving force to economies around the world, offering proven business systems for entrepreneurs to deliver goods and services locally with the strength of National brand names and the processes behind them. A franchise organization combines the drive and ambition of independent business owners with the experience and expertise of a larger Company. The result can lead to a rewarding partnership for both participants.

2. Proven Systems Can Guide You to Achieving Success

When becoming part of the franchise family, the franchisees benefit immediately from an exceptional team that has proven experience in developing franchise systems and running successful Companies.

3. Opportunity to Succeed

The franchisor will be able to show the franchisees the must-have ingredients for the business' success and how the business can provide the franchisees with not only a better standard of living now, but how to drive it to become a solid asset in the future.

Benefits of a Challenger Franchise

1. Higher Change of Success
2. Shorter Learning Curve
3. Protected Territory
4. Use of Trademark and Logos
5. Low Investment with Minimum Hardware Stocking
6. Successful Merchandising Concept
7. Start Up Assistance
8. Exciting Advertising and Marketing Programs
9. Continued Support

What's in a Challenger Franchise?

1. Assistance with Site Selection
2. Interior Design and Layout
3. Consistent Advertising and Marketing Campaign
4. Training on the Operation and Management
5. Comprehensive Franchise Manual
6. Inventory for Franchisee
7. Financial Services
8. Franchise Support System

Types of Franchise Available

1. Challenger Superstore

Challenger is in the business of providing IT products and services through the sale of a wide range of IT and related products. It has more than 180 IT vendors and carries a range of more than 50 product categories. Our product categories include electrical hardware, input devices, mobile computing hardware, printing devices, furniture, accessories, office products, desk tops, imaging and video products, data communication products, storage devices, multimedia products, software, digital gadgets and home entertainment appliances.

2. Matrix IT Gallery

These are specialty stores set up to target budget-conscious customers who may not visit the Challenger stores. These specialty stores are nimble operations that carry the latest and most popular IT hardware and software and focus on creating volume sales with lower margins.

Franchise Fee and Other Charges

- | | |
|-----------------------------------|--------------------------|
| 1. Franchise Fee | |
| • Challenger Superstore | From USD 70,000 |
| • Matrix IT Gallery | From USD 30,000 |
| 2. Royalties | From 0.5% of Gross Sales |
| 3. Advertising and Promotions Fee | From USD 150 per Month |
| 4. Other | Cost plus 5% |

How do I get started?

Step 1 Apply

Complete and submit the franchise pre-evaluation form to us. Alternatively, you may log on to www.challengerasia.com to download the form and submit to us accordingly.

Step 2 First Meeting

Upon receipt of your application, if you are short-listed, we will contact you and arrange a personal meeting. After we have had the opportunity to meet each other, and the necessary requirements met, we will introduce you to our store operations.

Step 3 Second Meeting

Explanation on financial projection and the detail terms of the franchise agreement.

Step 4 Execution

Execute the franchise agreement and other relevant documents. Thereafter, we will assist you with site selection, interior design and layout, training and many other tasks that lead up to the opening of your store.

How to Assess the Franchise?

1. Assess the reputation and reliability of the franchisor
2. Find out the demand for products/services offered in the franchise
3. Do sales projection
4. Work out the amount of capital needed upfront
5. Work out the amount of cash required under worst case scenario
6. Go through a contract thoroughly with a lawyer

Franchise Opportunities

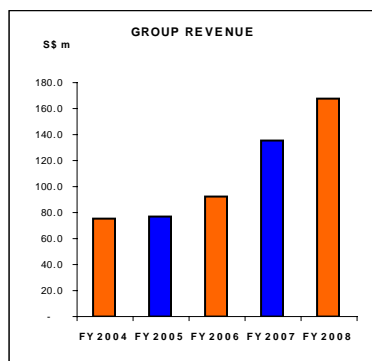
Opportunities for Master and Single/Multiple Franchises are available. If you are keen to join us, please contact:

Challenger Technologies Limited
1 Ubi Link
Challenger TechHub
Singapore 408553
Attention: Mr. G S Ng / Franchise Development Director
Email: gsng@challenger.com.sg

Challenger Milestones

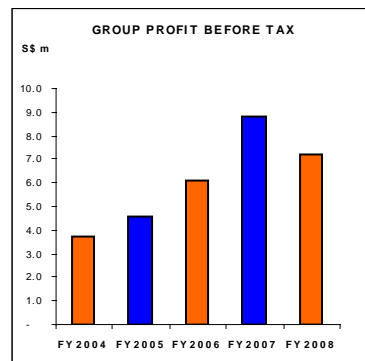
- 1984 Established in Singapore with a retail outlet of 430 sq ft
 - 1986 Expanded our network to 14 retail outlets with a combined floor area of 10,000 sq ft
 - 1992 Set up pilot Challenger Superstore in Funan The IT Mall with a floor area of 5,000 sq ft
 - 1994 Expanded Challenger Superstore at Funan The IT Mall to a gross floor area of 53,000 sq ft and consolidated all our retail outlets under this Superstore, which stands to this day as our flagship store.
 - 1997 Opened second Challenger Superstore at DBS Tampines Centre, with a gross floor area of 13,000 sq ft to better serve our retail customers in the eastern part of Singapore
 - 2000 Achieved the ISO 9002 Certification. The ISO 9002 Certification certifies that our Company operates a quality management system which has been assessed as conforming to standards under ISO 9000
 - 2003 Upgraded to the ISO 9001:2000 Certification. A demonstration of our commitment to constantly upgrading the quality of service which we provide to our customers
- Obtained the right as Master franchisee to operate a business system involving the provision of on-site IT services through franchise service providers
- Set up small format outlets, which operate under the business name ``Matrix IT Gallery". As at 31 December 2004, we had two small format outlets located at Funan The IT Mall.
- 2004 Listed in Singapore Stock Exchange.

Financial Performance



Group Revenue

	S\$m
FY2004	75.5
FY2005	77.5
FY2006	92.3
FY2007	136.1
FY2008	168.0



Group Profit Before Tax

FY2004	3.7
FY2005	4.6
FY2006	6.1
FY2007	8.8
FY2008	7.2

Recognition and Awards

- Enterprise 50 Award 1999
- Singapore SME 500 Ranking – Highest Turnover 2002/2003
- SME 500 Highest Sales Turnover

Latest Accolades

- Hewlett Packard Singapore Outstanding HP Supplies Performance (Consumer Segment)
- Microsoft Outstanding Performance in 2009 (Microsoft Entertainment and Devices Division South East Asia)
- DP Information Group Singapore 1000 Company Public Listed Company 2009
- Sony Electronics (Singapore) Pte Ltd Value Partner 2008
- Microsoft (S) Pte Ltd Retailer Centre of the Year 2008
- Seagate Singapore International Top 5 Achievers 2008
- Lenovo Asean Q3 2008/2009 Rank #1 in Large Format Retail Partners Performance
- Canon Singapore Pte Ltd Gold Award for Camera / Video
- Singapore Retailers Association Excellent Service Award (3 Stars, 3 Golds, 3 Silvers)