

CHALLENGER TECHNOLOGIES LIMITED



**FULL YEAR FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021**

Co Reg No: 198400182 K

CHALLENGER TECHNOLOGIES LIMITED
For the Financial Year Ended 31 December 2021

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CHALLENGER TECHNOLOGIES LIMITED
For the Financial Year Ended 31 December 2021

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Group					
		6 months ended 31 December			12 months ended 31 December		
		2021	2020	Change	2021	2020	Change
Note		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	147,391	152,348	(3%)	283,161	270,840	5%
	<u>Other items of income</u>						
	Interest income	335	310	8%	617	860	(28%)
	Other gains	2,129	2,880	(26%)	4,468	5,121	(13%)
	<u>Other items of expense</u>						
	Changes in inventories of finished goods	(312)	(647)	(52%)	535	719	(26%)
	Purchase of goods and consumables	(114,961)	(118,098)	(3%)	(220,050)	(208,748)	5%
	Other consumables used	(339)	(255)	33%	(599)	(450)	33%
	Depreciation of property, plant and equipment	(917)	(815)	13%	(1,802)	(1,760)	2%
	Depreciation of right-of-use assets	(7,634)	(6,499)	17%	(15,125)	(11,114)	36%
	Employee benefits expense	(11,069)	(10,694)	3%	(21,902)	(21,173)	3%
	Other expenses	(4,420)	(3,051)	45%	(7,924)	(7,031)	13%
	Other losses	(62)	(455)	(86%)	(262)	(420)	(38%)
	Profit before tax	10,141	15,024	(33%)	21,117	26,844	(21%)
	Income tax expense	(1,708)	(1,403)	22%	(3,321)	(3,536)	(6%)
	Profit for the period/year	8,433	13,621	(38%)	17,796	23,308	(24%)

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

	Group					
	6 months ended 31 December			12 months ended 31 December		
	2021	2020	Change	2021	2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(21)	(22)	(5%)	(42)	-	n.m.
Reclassification adjustments for losses included in profit or loss	-	(9)	n.m.	-	(9)	n.m.
Fair value changes on debt instruments at FVTOCI, net of tax	(12)	74	n.m.	(12)	74	n.m.
Other comprehensive (loss) / income for the period/year, net of tax	<u>(33)</u>	<u>43</u>	n.m.	<u>(54)</u>	<u>65</u>	n.m.
Total comprehensive income for the period/year	<u>8,400</u>	<u>13,664</u>	(39%)	<u>17,742</u>	<u>23,373</u>	(24%)
Profit attributable to owners of the Parent	8,432	13,573	(38%)	17,771	23,227	(23%)
Profit attributable to non-controlling interests	1	48	(98%)	25	81	(69%)
Profit net of tax	<u>8,433</u>	<u>13,621</u>	(38%)	<u>17,796</u>	<u>23,308</u>	(24%)
Total comprehensive income attributable to owners of the Parent	8,399	13,583	(38%)	17,717	23,292	(24%)
Total comprehensive income attributable to non-controlling interests	1	81	(99%)	25	81	(69%)
Total comprehensive income	<u>8,400</u>	<u>13,664</u>	(39%)	<u>17,742</u>	<u>23,373</u>	(24%)
Earnings per share for profit for the year attributable to the owners of the Company during the period/year :						
Basic and diluted (cents)	<u>2.38</u>	<u>3.93</u>		<u>5.01</u>	<u>6.73</u>	

n.m. denotes not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		FY2021	FY2020	FY2021	FY2020
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Investments in subsidiaries		-	-	6,553	6,032
Other financial assets	10	27,429	6,297	26,961	5,987
Property, plant and equipment	11	6,189	6,687	6,155	6,620
Right-of-use assets		24,024	27,460	24,012	27,289
Total non-current assets		57,642	40,444	63,681	45,928
Current assets					
Cash and cash equivalents		116,784	95,671	110,567	86,825
Trade and other receivables		6,976	5,927	5,552	5,257
Other assets		4,591	4,503	4,494	4,430
Inventories		35,763	35,320	35,762	35,219
Total current assets		164,114	141,421	156,375	131,731
Total assets		221,756	181,865	220,056	177,659
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parents					
Share capital	12	51,575	18,775	51,575	18,775
Retained earnings		110,634	102,184	110,682	101,452
Other reserves		(37)	17	32	201
Equity, attributable to owners of the parent		162,172	120,976	162,289	120,428
Non-controlling interests		133	348	-	-
Total equity		162,305	121,324	162,289	120,428
Non-current liabilities					
Deferred tax liabilities		17	17	-	-
Other liabilities, non-current		3,087	2,241	724	744
Lease liabilities		11,552	15,021	11,552	14,845
Total non-current liabilities		14,656	17,279	12,276	15,589
Current liabilities					
Trade and other payables		20,816	17,417	22,786	16,784
Provisions		2,388	2,124	2,388	2,124
Income tax payable		3,293	4,969	3,285	4,918
Other liabilities, current		5,133	5,851	3,884	4,917
Lease liabilities		13,165	12,901	13,149	12,899
Total Current Liabilities		44,795	43,262	45,491	41,642
Total liabilities		59,451	60,541	57,767	57,231
Total equity and liabilities		221,756	181,865	220,056	177,659

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C. Condensed Interim Statements of Changes in Equity

<u>Group</u>	Total Equity	Attributable to Parent sub-total	Share capital	Retained Earnings	Other Reserves	Non-controlling Interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
As at 1 January 2021	121,324	120,976	18,775	102,184	17	348
Changes in equity:						
Total comprehensive income / (loss) for the year	17,742	17,717	-	17,771	(54)	25
Dividend paid	(9,561)	(9,321)	-	(9,321)	-	(240)
Issuance of new ordinary shares	32,800	32,800	32,800	-	-	-
As at 31 December 2021	162,305	162,172	51,575	110,634	(37)	133
As 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
Dividend paid	(5,328)	(5,178)	-	(5,178)	-	(150)
As at 31 December 2020	121,324	120,976	18,775	102,184	17	348

<u>Company</u>	Total Equity	Share capital	Retained Earnings	Other Reserves
	\$ '000	\$ '000	\$ '000	\$ '000
As at 1 January 2021	120,428	18,775	101,452	201
Changes in equity:				
Total comprehensive income / (loss) for the year	18,382	-	18,551	(169)
Dividend paid	(9,321)	-	(9,321)	-
Issuance of new ordinary shares	32,800	32,800	-	-
As at 31 December 2021	162,289	51,575	110,682	32
As 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
Dividend paid	(5,178)	-	(5,178)	-
As at 31 December 2020	120,428	18,775	101,452	201

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D. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		FY2021	FY2020
		\$'000	\$'000
Cash flows from operating activities			
Profit before tax		21,117	26,844
Adjustments for:			
Covid-19 related rent concessions from lessor		-	(3,719)
Depreciation expense of property, plant and equipment		1,802	1,760
Depreciation expense of right-of-use assets		15,125	14,833
(Gain)/Losses on disposal of plant and equipment	6	(87)	33
Fair value adjustment on derivative instruments	6	-	(9)
Fair value change in investment at FVTPL		(812)	-
Interest income		(617)	(860)
Interest expense		807	819
Net effect of exchange rate changes in consolidating foreign operations		(42)	-
Operating cash flows before working capital changes		37,293	39,701
Trade and other receivables		(1,049)	795
Other assets		(88)	847
Inventories		(443)	(829)
Trade and other payables		3,399	(2,571)
Other liabilities and provisions		128	(127)
Net cash flows from operations		39,240	37,816
Income taxes paid		(4,999)	(2,725)
Net cash generated from operating activities		34,241	35,091
Cash flows from investing activities			
Interest income received		617	860
Addition in equity instruments at FVTPL		(10,000)	-
Addition in debt asset instruments at FVTOCI		(10,331)	(2,017)
Proceeds from disposal of debt asset instruments at FVTOCI		-	2,000
Proceeds from disposal of plant and equipment		121	-
Purchase of plant and equipment	11	(1,073)	(1,140)
Net cash used in investing activities		(20,666)	(297)
Cash flows from financing activities			
Interest expense paid		(807)	(819)
Lease liabilities – principal portion paid		(14,894)	(10,866)
Proceeds from issuance of shares		32,800	-
Dividends paid to equity owners		(9,321)	(5,178)
Dividends paid to non-controlling interests		(240)	(150)
Net cash generated from / (used in) financing activities		7,538	(17,013)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		95,671	77,890
Cash and cash equivalents at end of the year		116,784	95,671

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E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Challenger Technologies Limited (the "Company" or the "Parent") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. The financial statements are presented in Singapore Dollar and they cover the Company and its subsidiaries.

The condensed interim consolidated financial statements as at and for the six-month period and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Group are to provide IT products and services through the sale of IT and related products, electronic signage business and telephonic call centre and data management.

2. Basis of preparation

The condensed interim financial statements for the year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

2.1. New and amended standards adopted by the Group

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the latest audited annual financial statements.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

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4. Segmental and revenue information

Segment information in respect of the Group's geographical segments is not presented, as the Group's activities for the year ended 31 December 2021 and 31 December 2020 are primarily related to its operations in Singapore.

4.1 Reportable segments

	IT products and services	Electronic signage	Telephonic call centre and management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
6 months ended 31 December 2021					
Revenue by Segment					
Total revenue by segment	145,155	422	2,027	-	147,604
Inter-segment sales and services	(68)	-	(145)	-	(213)
Total revenue	<u>145,087</u>	<u>422</u>	<u>1,882</u>	<u>-</u>	<u>147,391</u>
Recurring EBITDA	18,605	42	123	-	18,770
Interest income	335	-	-	-	335
Interest expense	(411)	-	(2)	-	(413)
Depreciation	(8,440)	-	(111)	-	(8,551)
Profit before tax	10,089	42	10	-	10,141
Income tax expense					(1,708)
Profit for the period					<u>8,433</u>
ASSETS					
Total assets for reportable segments	76,293	197	1,520	-	78,010
Unallocated:					
Cash and cash equivalents	-	-	-	116,784	116,784
Other financial assets	-	-	-	26,962	26,962
Total Group assets	<u>76,293</u>	<u>197</u>	<u>1,520</u>	<u>143,746</u>	<u>221,756</u>
LIABILITIES					
Total liabilities for reportable segments	51,937	79	4,126	-	56,142
Unallocated:					
Deferred and current tax liabilities	-	-	-	3,308	3,308
Total Group liabilities	<u>51,937</u>	<u>79</u>	<u>4,126</u>	<u>3,308</u>	<u>59,450</u>
OTHER MATERIAL ITEMS					
Expenditures for non-current assets	692	-	16		708

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4.1 Reportable segments (cont'd)

	IT products and services	Electronic signage	Telephonic call centre and management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
6 months ended 31 December 2020					
Revenue by Segment					
Total revenue by segment	150,463	168	1,915	-	152,546
Inter-segment sales and services	4	(56)	(146)	-	(198)
Total revenue	<u>150,467</u>	<u>112</u>	<u>1,769</u>	<u>-</u>	<u>152,348</u>
Recurring EBITDA					
Total revenue by segment	25,973	(95)	382	-	26,260
Interest income	299	-	11	-	310
Interest expense	(508)	-	(5)	-	(513)
Depreciation	(10,826)	-	(207)	-	(11,033)
Profit before tax	14,938	(95)	181	-	15,024
Income tax expense					(1,403)
Profit for the period					<u>13,621</u>
ASSETS					
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	<u>98,192</u>	<u>518</u>	<u>3,150</u>	<u>80,005</u>	<u>181,865</u>
LIABILITIES					
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	<u>52,356</u>	<u>78</u>	<u>3,121</u>	<u>4,986</u>	<u>60,541</u>
OTHER MATERIAL ITEMS					
Expenditures for non-current assets	1,090	-	-	-	1,090

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4.1 Reportable segments (cont'd)

	IT products and services	Electronic signage	Telephonic call centre and management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
12 months ended 31 December 2021					
Revenue by Segment					
Total revenue by segment	279,263	474	3,811	-	283,548
Inter-segment sales and services	(92)	-	(295)	-	(387)
Total revenue	279,171	474	3,516	-	283,161
Recurring EBITDA					
Interest income	611	-	6	-	617
Interest expense	(804)	-	(4)	-	(808)
Depreciation	(16,691)	-	(236)	-	(16,927)
Profit before tax	21,038	(23)	102	-	21,117
Income tax expense					(3,321)
Profit for the year					17,796
ASSETS					
Total assets for reportable segments	76,293	197	1,520	-	78,010
Unallocated:					
Cash and cash equivalents	-	-	-	116,784	116,784
Other financial assets	-	-	-	27,429	27,429
Total Group assets	76,293	197	1,520	144,213	222,223
LIABILITIES					
Total liabilities for reportable segments	51,936	79	4,126	-	56,141
Unallocated:					
Deferred and current tax liabilities	-	-	-	3,310	3,310
Total Group liabilities	51,936	79	4,126	3,310	59,451
OTHER MATERIAL ITEMS					
Expenditures for non-current assets	1,028	-	45		1,073

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4.1 Reportable segments (cont'd)

	IT products and services	Electronic signage	Telephonic call centre and management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
12 months ended 31 December 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	<u>267,382</u>	<u>340</u>	<u>3,118</u>	<u>-</u>	<u>270,840</u>
Recurring EBITDA	43,106	(271)	561	-	43,396
Interest income	849	-	11	-	860
Interest expense	(809)	-	(10)	-	(819)
Depreciation	(16,333)	(3)	(257)	-	(16,593)
Profit before tax	26,813	(274)	305	-	26,844
Income tax expense					(3,536)
Profit for the year					<u>23,308</u>
ASSETS					
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	<u>98,192</u>	<u>518</u>	<u>3,150</u>	<u>80,005</u>	<u>181,865</u>
LIABILITIES					
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	<u>52,356</u>	<u>78</u>	<u>3,121</u>	<u>4,986</u>	<u>60,541</u>
OTHER MATERIAL ITEMS					
Expenditures for non-current assets	1,198	-	30	-	1,228

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For the Financial Year Ended 31 December 2021

4.2 Disaggregation of revenue

	Group				
	6 months ended 31 December 2021				
	IT products and services	Electronic signage	Telephonic call centre and data management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sale of goods	143,753	-	-	-	143,753
Rendering of services	-	422	1,882	-	2,304
Marketing support income	1,334	-	-	-	1,334
Total revenue	145,087	422	1,882	-	147,391
Timing of revenue recognition:					
At a point in time	141,809	130	1,213	-	143,152
Over time	3,278	292	669	-	4,239
Total revenue	145,087	422	1,882	-	147,391

	Group				
	6 months ended 31 December 2020				
	IT products and services	Electronic signage	Telephonic call centre and data management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sale of goods	149,187	-	-	-	149,187
Rendering of services	-	158	1,769	-	1,927
Marketing support income	1,234	-	-	-	1,234
Total revenue	150,421	158	1,769	-	152,348
Timing of revenue recognition:					
At a point in time	147,184	-	1,316	-	148,500
Over time	3,237	158	453	-	3,848
Total revenue	150,421	158	1,769	-	152,348

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4.2 Disaggregation of revenue (cont'd)

	Group 12 months ended 31 December 2021				
	IT products and services	Electronic signage	Telephonic call centre and data management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sale of goods	276,459	-	-	-	276,459
Rendering of services	-	474	3,516	-	3,990
Marketing support income	2,712	-	-	-	2,712
Total revenue	279,171	474	3,516	-	283,161
Timing of revenue recognition:					
At a point in time	272,891	182	2,400	-	275,473
Over time	6,280	292	1,116	-	7,688
Total revenue	279,171	474	3,516	-	283,161

	Group 12 months ended 31 December 2020				
	IT products and services	Electronic signage	Telephonic call centre and data management services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sale of goods	265,154	-	-	-	265,154
Rendering of services	-	386	3,118	-	3,504
Marketing support income	2,182	-	-	-	2,182
Total revenue	267,336	386	3,118	-	270,840
Timing of revenue recognition:					
At a point in time	260,370	222	2,182	-	262,774
Over time	6,966	164	936	-	8,066
Total revenue	267,336	386	3,118	-	270,840

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For the Financial Year Ended 31 December 2021

4.3 A breakdown of sales:

	Group		
	12 months ended 31 December		
	2021	2020	Change
	S\$'000	S\$'000	%
Sales reported for the first half year	135,770	118,492	15%
Operating profit after tax before deducting non-controlling interests reported for the first half year	9,363	9,687	(3%)
Sales reported for the second half year	147,391	152,348	(3%)
Operating profit after tax before deducting non-controlling interests reported for the second half year	8,433	13,621	(38%)

5. Financial assets and financial liabilities

	Group		Company	
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	120,669	99,046	112,296	89,645
Financial assets that are debt asset instruments at FVTOCI	16,149	5,987	16,149	5,987
Financial assets that are equity investments at FVTOCI	468	309	-	-
Financial assets at FVTPL	10,812	-	10,812	-
At end of the year	<u>148,098</u>	<u>105,342</u>	<u>139,257</u>	<u>95,632</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>45,174</u>	<u>44,906</u>	<u>44,542</u>	<u>44,308</u>

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For the Financial Year Ended 31 December 2021

6. Profit before taxation

6.1 Other gains and (other losses)

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange adjustment losses, net	(62)	(85)	(38)	(6)
Sundry income	1,531	2,538	3,569	5,068
Gains / (losses) on disposal of plant and equipment	88	-	87	(33)
Fair value (losses) on disposal of financial instruments		(5)		(5)
Fair value gains / (losses) on financial instruments at FVTPL	486	-	812	-
Inventories written off	-	(365)	(4)	(376)
Allowance for / (Reversal of) inventories obsolescence	24	342	(220)	53
	<u>2,067</u>	<u>2,425</u>	<u>4,206</u>	<u>4,701</u>
Presented in profit or loss as:				
Other gains	2,129	2,880	4,468	5,121
Other losses	(62)	(455)	(262)	(420)
	<u>2,067</u>	<u>2,425</u>	<u>4,206</u>	<u>4,701</u>

6.2 Significant items

Premises expenses	(1,136)	(534)	(2,068)	(1,821)
Other operating expenses	(1,402)	(1,024)	(2,570)	(2,235)
Selling and distribution costs	(1,882)	(1,493)	(3,286)	(2,975)
	<u>(4,420)</u>	<u>(3,051)</u>	<u>(7,924)</u>	<u>(7,031)</u>

6.3 Related party transactions

There is no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the income tax expense using the statutory tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim consolidated statement of profit or loss are:

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current year	1,708	1,403	3,321	3,536

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8. Dividends

	Group	
	FY2021	FY2020
	\$'000	\$'000
Ordinary dividends paid:		
Final exempt 2020 dividend of 2.7 cents per share	9,321	-
Final exempt 2019 dividend of 1.5 cents per share	-	5,178

9. Net asset value

	Group		Company	
	2021	2020	2021	2020
Net asset value per ordinary share (S\$)	0.40	0.35	0.40	0.35
Number of shares as at end of year ('000)	401,760	345,208	401,760	345,208

10. Other financial assets

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Balance is made up of: -				
Investments in debt asset instruments at FVTOCI	16,149	5,987	16,149	5,987
Unquoted equity shares at cost through OCI	468	309	-	-
Investments in equity instruments at FVTPL	10,812	-	10,812	-
	27,429	6,296	26,961	5,987

10.1 Movements in balances

	Group and Company	
	2021	2020
	\$'000	\$'000
<u>Investments in debt asset instruments at FVTOCI:-</u>		
Movements during the year:		
Fair value at beginning of the year	5,987	5,905
Additions	10,331	2,017
Disposals	-	(2,000)
Reclassification adjustments for losses included in profit or loss	-	(9)
(Decrease)/Increase in fair value through other comprehensive income	(169)	74
Fair value at end of the year	16,149	5,987

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10. Other Financial Assets (cont'd)

10.1 Movements in balances (cont'd)

	Group	
	2021	2020
	\$'000	\$'000
<u>Unquoted equity shares at FVTOCI</u>		
Movements during the year:		
Carrying value at beginning of the year	309	309
Increase in fair value through other comprehensive income	159	-
Carrying value at end of the year	<u>468</u>	<u>309</u>

	Group and Company	
	2021	2020
	\$'000	\$'000
<u>Investments in equity instruments at FVTPL:-</u>		
Movements during the year:		
Fair value at beginning of the year	-	-
Additions	10,000	-
Increase in fair value through profit and loss	812	-
Fair value at end of the year	<u>10,812</u>	<u>-</u>

10.2 Disclosures relating to investments

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

10.2a Investments in debt asset instruments at FVTOCI

	<u>Level</u>	Group and Company	
		2021	2020
		\$'000	\$'000
<u>Quoted corporate bonds in Singapore</u>			
Quasi-sovereign	1	258	265
<u>Unquoted corporate bonds in Singapore</u>			
Real estate industry	2	9,046	1,007
Transport and logistics industry	2	760	776
Banking industry	2	3,350	3,436
Management consultancy industry	2	998	-
Heavy construction industry	2	1,227	-
Travel and lodging industry	2	510	503
Subtotal		<u>15,891</u>	<u>5,722</u>
Total		<u>16,149</u>	<u>5,987</u>

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10.2 Disclosures relating to investments (cont'd)

10.2b Unquoted equity shares at cost through OCI

	Level	Group	
		2021 \$'000	2020 \$'000
Logistic: Singapore	3	24	24
Information technology: Singapore	3	444	285
		468	309

10.2c Investments in equity instruments at FVTPL

	Level	Group and Company	
		2021 \$'000	2020 \$'000
<u>Quoted equity securities</u>			
North America	1	7,206	-
Asia	1	403	-
Europe	1	2,196	-
East Asia	1	468	-
South East Asia	1	202	-
Others	1	337	-
Total		10,812	-

The financial instruments (level 2) 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.

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

11. Property, plant and equipment

During the financial year ended 31 December 2021, the Group acquired assets amounting to \$1,073,000(2020: \$1,140,000) and disposed of assets amounting to \$320,000 (2020: \$599,000)

12. Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2021	2020	2021	2020
	'000	\$'000	'000	\$'000
<u>Ordinary shares in issue</u>				
At beginning of financial year	345,208	18,775	345,208	18,775
Issuance of new ordinary shares	56,552	32,800	-	-
At end of financial year	401,760	51,575	345,208	18,775

On 1 November 2021, the Company completed the issuance of 56,551,724 ordinary shares at the issue price of \$0.58 per share. The Company did not hold any treasury shares as at 31 December 2021.

13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Challenger Technologies Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Consolidated Statement of Profit or Loss

Revenue

The Group registered a revenue of \$283.2 million in FY2021, a 5% increase compared to \$270.8 million in FY2020, mainly due to the lower base last year with the closure of the stores during circuit breaker as well as the impact from the safe management measures implemented last year.

Retail sales rose by \$25.9 million largely due to the easing of restriction and a resumption in economic and business activity across the region, offset by lower online sales and corporate sales of \$13.1 million.

Revenue from the telephonic call center and data management services improved by \$0.4 million or 12.8% to \$3.5 million in FY2021 as compared to the previous year mainly driven by the recovery in data management and marketing projects.

Other gains

Other gains for FY2021 amounted to \$4.5 million, a decrease of \$0.7 million or 13% as compared to the previous year. The decrease in other gains was mainly due to reduced government wage support, offset by the fair value gain on financial instruments of \$0.8 million in FY2021.

Operating expenses

Operating expenses comprised staff cost, selling and distribution expenses, depreciation and other expenses. The operating expenses for the current year increased by \$5.7 million or 13.8% from last year to \$46.8 million. The increase was largely due to lower Covid-19 related rental rebate, higher staff cost and selling expenses as a result of higher retail sales activities.

Profit after tax

The Group recorded a profit after tax of \$17.8 million, down by \$5.5 million or 24% as compared to last year. The lower profit achieved was largely due to reduced Covid-19 related government supports and higher operating expenses incurred. If the government wage and rental support are excluded, the Group's profit before tax in FY2021 would have been lower than FY2020 by \$0.4 million.

Consolidated Statement of Financial Position

The Group's non-current assets increased by \$17.2 million mainly due to investment in the financial asset of \$20.3 million (see page 17 Note 10), offset by a decrease in the right-of-use asset of \$3.4 million due to amortization.

Current assets of the Group increased by \$22.7 million largely due to higher cash and bank balances generated from proceeds of new shares subscription.

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The Group maintained a healthy balance sheet, with total equity of \$162.3 million as compared with \$121.3 million as at the last year-end. Total equity increased by \$41.0 million attributable to higher paid-up share capital of \$32.8 million, and profit generated for the year.

Consolidated Statement of Cash Flows

Overall, the Group achieved a strong cash inflow of \$21.1 million, cash and cash equivalent as at 31 December 2021 was \$116.8 million. Net cash generated from operating activities was \$34.2 million, down slightly by \$0.8 million as compared to last year.

The net cash outflow for investing activities of \$20.7 million was mainly due to additional investment in bonds and equities of \$20.3 million, and acquisition of equipment and renovations of \$1.1million.

The cash generated from financing activities of \$7.5 million was arrived at after taking into account proceeds from new shares subscription of \$32.8 million, lease payment of \$15.7 million and dividend payment of \$9.3 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The retail sector continues to remain challenging amidst the constantly evolving and uncertain Covid-19 situation both locally and globally. To mitigate these challenges, the Group will continue to focus on driving greater productivity, ramping up e-commerce engagement and enhancing its overall product range. We will also continue to monitor the performance of existing and new stores closely by working on our core competencies thereby improving the gross margin arising from changes in sales mix.

On the electronic signage services segment, we will continue to explore the business opportunity with strategic partners to continue to grow our business in architectural and commercial lighting projects.

While pursuing growth, the Group will continue to take steps to improve our operational efficiencies and further strengthen our balance sheet and liquidity to fund growth and to deliver shareholder return.

5. Dividend information

5a. Current Financial Period Reported On

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	\$0.028 per share
Tax rate	Tax exempt (one-tier)

5b. Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	\$0.027 per share
Tax rate	Tax exempt (one-tier)

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5c. The date the dividend is payable

20 May 2022

5d. Record date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 10 May 2022 for the purpose of determining the entitlements to the proposed final tax exempt dividend of \$0.028 per ordinary share for the year ended 31 December 2021 (the "Proposed Final Dividend"). Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5.00 p.m. on 10 May 2022 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with Shares at 5.00 pm on 10 May 2022 will be entitled to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the Annual General Meeting to be held at 10.00 am on 26 April 2022, will be paid on 20 May 2022.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

INTERESTED PERSON TRANSACTIONS

From 1 January 2021 to 31 December 2021

Name of Interested Person(s)	Description of Interested Person Transactions	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Tan Han Beng (Lead Independent director)	Purchase of company motor vehicle	120	-

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7. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ms Loo Pei Fen	40	Daughter of Mr Loo Leong Thye (Chief Executive Officer and Substantial Shareholder of the Company) and Mdm Ong Sock Hwee (Substantial Shareholder of the Company)	Deputy Chief Executive Officer since 1 November 2020. She is responsible for group marketing, loyalty program, merchandising, logistics, retail operations, corporate sales, online activities and public relations.	NA
Mr Ng Kian Teck	54	Brother of Mr Ng Leong Hai, Substantial Shareholder of the Company	Chief Logistic Officer since 1 November 2020. He is responsible for the logistics operations of the Group.	NA

8. Pursuant to Rule 706A of the SGX-ST Listing Manual, the Board wishes to announce the following transactions that occurred during the second half of FY2021:

S/N	Name	Date of incorporation	Place of Incorporation	Issued and Paid-up Capital	Principal Activities	Interest Held
1.	Kingdom Technologies Pte. Ltd.	14/09/2021	Singapore	\$800,000	Customised computer retail	100%
2.	Chugo Pte. Ltd.	08/09/2021	Singapore	\$500,000	Human resource related services	100%
3.	ITEZ.SG Pte. Ltd.	10/11/2021	Singapore	\$1,000,000	Equipment rental	100%
4.	Hachi.Tech Pte. Ltd.	23/12/2021	Singapore	S1,000,000	Online retail	100%

The above transactions were funded through the internal resources of the Company and are not expected to have any material effect on the net tangible assets and earnings per share of the Group for FY2021.

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the above transactions, other than through their respective shareholdings in the Company.

9. Use of proceeds

The Company had previously raised S\$32.75 million in net proceeds (after the deduction of related expenses of S\$50,000) (the "Net Proceeds") from the share subscription of 56,551,724 new ordinary shares at an issue price of \$0.58 per share in the Company, which was completed on 1 November 2021.

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As at the date of this report, the Net Proceeds have been utilized as follows:

Use of Net Proceeds	Allocation of Net Proceeds Received S\$	Amount Utilised S\$	Balance S\$
Strategic investments and mergers & acquisitions	16,375,000	NIL	16,375,000
Product and business development, and expansion of business	16,375,000	2,300,000	14,075,000
Total	32,750,000	2,300,000	30,450,000

The above utilization is in accordance with the intended use of Net Proceeds, as stated in the Company's announcement dated 13 October 2021.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render these interim financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

Loo Leong Thye
Executive Director and Chief
Executive Officer

Tan Wee Ko
Executive Director and Chief
Financial Officer

17 February 2022