

Challenger Technologies Limited



**FULL YEAR FINANCIAL STATEMENT
AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019**

Co Reg No: 198400182 K

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

- 1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	Group					
	3 months ended		Change	12 months ended		Change
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	82,958	83,859	(1)	329,570	320,168	3
Other Items of Income						
Interest Income	304	225	35	1,272	802	59
Other Gains [note (A)]	414	540	(23)	263	474	(45)
Other Items of Expense						
Changes in Inventories of Finished Goods	(3,706)	1,185	N.M.	(3,300)	4,431	N.M.
Purchase of Goods and Consumables	(60,613)	(65,604)	(8)	(254,795)	(253,128)	1
Other Consumables Used	(103)	(25)	312	(240)	(159)	51
Depreciation Expense	(552)	(624)	(12)	(2,207)	(2,768)	(20)
Employee Benefits Expense	(6,017)	(6,466)	(7)	(24,293)	(23,430)	4
Other Expenses [Note (B)]	(6,536)	(5,677)	15	(24,572)	(21,913)	12
Other Losses [Note (A)]	(387)	(297)	30	(434)	(320)	36
Profit Before Tax from Continuing Operations	5,762	7,116	(19)	21,264	24,157	(12)
Income Tax Expense	(688)	(1,299)	(47)	(3,560)	(4,555)	(22)
Profit from Continuing Operations, Net of Tax	5,074	5,817	(13)	17,704	19,602	(10)
Other Comprehensive Income:						
Items that May Be Reclassified Subsequently to Profit or Loss:						
Exchange differences on translating foreign operations, net of tax	(10)	(5)	100	24	(16)	N.M.
Reclassification adjustments for gains / (losses) included in profit or loss	9	-	N.M.	10	(8)	N.M.
Fair value changes on debt asset instruments at FVTOCI, net of tax	113	(34)	N.M.	113	(34)	N.M.
Other Comprehensive Income / (Loss) for the Period, Net of Tax	112	(39)	N.M.	147	(58)	N.M.
Total Comprehensive Income	5,186	5,778	(10)	17,851	19,544	(9)
Profit Attributable to Owners of the Parent, Net of Tax	5,069	5,733	(12)	17,624	19,454	(9)
Profit Attributable to Non-Controlling Interests, Net of Tax	5	84	(94)	80	148	(46)
	5,074	5,817	(13)	17,704	19,602	(10)
Total Comprehensive Income Attributable to Owners of the Parent	5,181	5,694	(9)	17,771	19,396	(8)
Total Comprehensive Income Attributable to Non-Controlling Interests	5	84	(94)	80	148	(46)
Total Comprehensive Income	5,186	5,778	(10)	17,851	19,544	(9)
Note:						
Profit before income tax is arrived after charging/ (crediting) the following:						
Note (A) - Other (Losses) / Gains						
Foreign exchange adjustment gains	61	29	110	24	27	(11)
Sundry income	13	10	30	239	399	(40)
Losses on disposal of plant and equipment	-	-	N.M.	-	-	N.M.
Losses on disposal of debt asset instruments at FVTOCI	(13)	-	N.M.	(13)	(1)	1,200
Provision for bad debts - trade	-	-	N.M.	-	(7)	N.M.
Inventories written off	(374)	(297)	26	(374)	(312)	20
Allowance / Reversal for inventories	340	501	(32)	(44)	48	N.M.
	27	243	(89)	(171)	154	(211)
Presented in profit or loss as:						
Other Gains	414	540	(23)	263	474	(45)
Other Losses	(387)	(297)	30	(434)	(320)	36
	27	243	(89)	(171)	154	(211)
Note (B) - Other Expenses						
Premises expenses	(4,474)	(4,257)	5	(17,669)	(16,733)	6
Other operating expenses	(1,170)	(521)	125	(3,279)	(1,985)	65
Selling and distribution costs	(892)	(899)	(1)	(3,624)	(3,195)	13
	(6,536)	(5,677)	15	(24,572)	(21,913)	12

N.M. = not meaningful

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statement of Financial Position

	Group		Company	
	31.12.2019 \$'000	31.12.2018 \$'000	31.12.2019 \$'000	31.12.2018 \$'000
ASSETS				
Non-Current Assets				
Investments in Subsidiaries	-	-	6,135	6,031
Other Financial Assets	5,450	6,102	5,140	5,793
Property, Plant and Equipment	7,252	7,573	7,083	7,389
Rights-of-use Assets*	23,473	-	23,145	-
Total Non-Current Assets	36,175	13,675	41,503	19,213
Current Assets				
Cash and Cash Equivalents	77,890	63,240	69,772	55,610
Trade and Other Receivables	6,722	10,138	5,940	8,247
Other Assets	5,351	5,460	5,136	5,322
Inventories	34,490	37,939	34,248	37,785
Other Financial Assets	765	503	765	503
Total Current Assets	125,218	117,280	115,861	107,467
Total Assets	161,393	130,955	157,364	126,680
EQUITY AND LIABILITIES				
Equity attributable to Owners of the Parent				
Share Capital	18,775	18,775	18,775	18,775
Retained Earnings	84,135	73,415	84,196	73,227
Other Reserves	(48)	(194)	136	14
Equity, Attributable to Owners of the Parent	102,862	91,996	103,107	92,016
Non-Controlling Interests	417	337	-	-
Total Equity	103,279	92,333	103,107	92,016
Non-Current Liabilities				
Deferred Tax Liabilities	17	17	-	-
Other Liabilities, Non-Current	2,012	2,759	705	1,368
Lease Liabilities*	12,284	-	12,107	-
Total Non-Current Liabilities	14,313	2,776	12,812	1,368
Current Liabilities				
Trade and Other Payables	19,988	21,569	19,086	20,456
Provisions	2,067	1,955	2,067	1,955
Income Tax Payable	4,167	4,587	3,827	4,251
Other Liabilities, Current	6,176	7,735	5,219	6,634
Lease Liabilities*	11,403	-	11,246	-
Total Current Liabilities	43,801	35,846	41,445	33,296
Total Liabilities	58,114	38,622	54,257	34,664
Total Equity and Liabilities	161,393	130,955	157,364	126,680

* The Group adopted SFRS(I) 16 Leases with effect from 1 January 2019 based on the modified retrospective approach.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Nil.

Amount repayable after one year

Nil.

Details of any collateral

Nil.

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

- 1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Cash Flow Statement

	3 months ended		12 months ended	
	31.12.2019 \$'000	31.12.2018 \$'000	31.12.2019 \$'000	31.12.2018 \$'000
Cash Flows From Operating Activities				
Profit Before Tax	5,762	7,116	21,264	24,157
Adjustments for:				
Depreciation on Rights-of-use Assets	4,122	-	14,576	-
Depreciation of Property, Plant and Equipment	552	624	2,207	2,768
Losses on Disposal of Plant and Equipment	-	-	3	-
Losses on Disposal of Debt Asset Instruments at FVTOCI	13	-	13	1
Interest Income	(304)	(225)	(1,272)	(802)
Interest Expense	209	-	618	-
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	(10)	(5)	24	(16)
Operating Cash Flows Before Working Capital Changes	10,344	7,510	37,433	26,108
Trade and Other Receivables	2,082	(585)	3,415	(1,906)
Other Assets	170	171	109	(312)
Inventories	3,367	(1,739)	3,449	(4,532)
Trade and Other Payables	(2,849)	(3,000)	(1,581)	(703)
Provisions	(58)	130	112	(61)
Other Liabilities	(551)	(45)	(2,306)	(1,133)
Net Cash Flows From Operations	12,505	2,442	40,631	17,461
Income Taxes Paid	(178)	(423)	(3,980)	(3,114)
Net Cash Flows From Operating Activities	12,327	2,019	36,651	14,347
Cash Flows From Investing Activities				
Interest Received	304	225	1,272	802
Increase in Debt Asset Instruments at FVTOCI	-	(250)	-	(3,013)
Proceeds from Disposal of Plant and Equipment	-	-	3	-
Proceeds from Disposal of Debt Asset Instruments at FVTOCI	500	-	500	251
Purchase of Plant and Equipment	(42)	(624)	(1,892)	(836)
Net Cash Flows From / (Used) in Investing Activities	762	(649)	(117)	(2,796)
Cash Flows From Financing Activities				
Dividends Paid to Equity Owners	-	-	(6,904)	(11,393)
Dividends Paid to Non-Controlling Interests	-	-	-	(150)
Principal element of lease payments	(4,100)	-	(14,362)	-
Interest element of lease payments	(209)	-	(618)	-
Net Cash Flows Used in Financing Activities	(4,309)	-	(21,884)	(11,543)
Net Increase in Cash and Cash Equivalents	8,780	1,370	14,650	8
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	69,110	61,870	63,240	63,232
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance	77,890	63,240	77,890	63,240

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity

	Attributable to Equity Holder of the Company					
	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserve \$'000	Non-controlling Interests \$'000
Group						
Current Period:						
Opening Balance at 1 January 2019	92,333	91,996	18,775	73,415	(194)	337
Movements in Equity:						
Total Comprehensive Income for the Period	12,664	12,589	-	12,555	34	75
Dividends paid	(6,904)	(6,904)	-	(6,904)	-	-
Closing Balance at 30 September 2019	98,093	97,681	18,775	79,066	(160)	412
Total Comprehensive Income for the Period	5,177	5,172	-	5,069	103	5
Reclassification adjustment on gain of Debt Asset Instruments at FVTOCI	9	9	-	-	9	-
Closing Balance at 31 December 2019	103,279	102,862	18,775	84,135	(48)	417
Previous Period:						
Opening Balance at 1 January 2018	86,442	86,103	18,775	67,464	(136)	339
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2017	(2,110)	(2,110)	-	(2,110)	-	-
Balance at 1 January 2018, as restated	84,332	83,993	18,775	65,354	(136)	339
Movements in Equity:						
Total Comprehensive Income for the Period	13,774	13,710	-	13,721	(11)	64
Dividends paid	(11,543)	(11,393)	-	(11,393)	-	(150)
Reclassification adjustment on loss of Debt Asset Instruments at FVTOCI	(8)	(8)	-	-	(8)	-
Closing Balance at 30 September 2018	86,555	86,302	18,775	67,682	(155)	253
Total Comprehensive Income for the Period	5,778	5,694	-	5,733	(39)	84
Closing Balance at 31 December 2018	92,333	91,996	18,775	73,415	(194)	337

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

1(d)(i) Statements of Changes in Equity (Continued)

	Attributable to Equity Holder of the Company					
	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserve \$'000	Non-controlling Interests \$'000
Company						
Current Period:						
Opening Balance at 1 January 2019	92,016	92,016	18,775	73,227	14	-
Movements in Equity:						
Total Comprehensive Income for the Period	12,827	12,827	-	12,827	-	-
Dividends paid	(6,904)	(6,904)	-	(6,904)	-	-
Reclassification adjustment on loss of Debt Asset Instruments at FVTOCI	-	-	-	-	-	-
Closing Balance at 30 September 2019	97,939	97,939	18,775	79,150	14	-
Total Comprehensive Income for the Period	5,159	5,159	-	5,046	113	-
Reclassification adjustment on loss of Debt Asset Instruments at FVTOCI	9	9	-	-	9	-
Closing Balance at 31 December 2019	103,107	103,107	18,775	84,196	136	-
Previous Period:						
Opening Balance at 1 January 2018	86,107	86,107	18,775	67,276	56	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2017	(2,110)	(2,110)	-	(2,110)	-	-
Balance at 1 January 2018, as restated	83,997	83,997	18,775	65,166	56	-
Movements in Equity:						
Total Comprehensive Income for the Period	13,526	13,526	-	13,526	-	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 30 September 2017	-	-	-	-	-	-
Dividends paid	(11,393)	(11,393)	-	(11,393)	-	-
Reclassification adjustment on loss of Debt Asset Instruments at FVTOCI	(8)	(8)	-	-	(8)	-
Closing Balance at 30 September 2018	86,122	86,122	18,775	67,299	48	-
Total Comprehensive Income for the Period	5,894	5,894	-	5,928	(34)	-
Closing Balance at 31 December 2018	92,016	92,016	18,775	73,227	14	-

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, sharebuy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the share capital of the Company in the fourth quarter of 2019. As at 31 December 2019, the Company's issued and paid up capital comprises 345,207,961 (31 December 2018: 345,207,961) ordinary shares and \$18,775,054 (31 December 2018: \$18,775,054) respectively.

There were no outstanding convertibles issued or treasury shares held by the Company or subsidiary as at 31 December 2019 and 31 December 2018.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31.12.2019	31.12.2018
Total number of issued shares (excluding treasury shares)	345,207,961	345,207,961

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the Group auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

**3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with those described in the Audited Financial Statements for the year ended 31 December 2018, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective from annual periods beginning on or after 1 January 2019.

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The application of the new and revised standards and interpretations has no material effect on the financial statements, except for the adoption of SFRS(I) 16 – Leases.

The Group adopted SFRS(I) 16 - Leases on 1 January 2019. At the date of initial application, the Group recognised the rights to use leased assets as right-of-use assets and their associated obligations as lease liabilities. The Group applied this standard using the modified retrospective approach. Therefore, the full year and fourth quarter 2018 comparative figures have not been restated from that which was previously announced in full year and fourth quarter 2018 announcement as the Group and the Company have applied the standard retrospectively with the cumulative effect recognised at the date of initial application.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	cents	cents	cents	cents
<u>Group</u>				
Earnings per share based on consolidated profit after taxation and non-controlling interests				
- on weighted average number of shares	1.47	1.66	5.11	5.64
- on a fully diluted basis	1.47	1.66	5.11	5.64

Earnings per ordinary share is computed based on the weighted average number of 345,207,961 issued shares.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	cents	cents	cents	cents
Net asset value per share based on existing issued share capital as at the end of the respective period	29.80	26.65	29.87	26.66

The net asset value per ordinary share of the Group and the Company as at 31 December 2019 and 31 December 2018 is computed based on the total number of issued shares of 345,207,961.

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Revenue

For the full year ended 31 December 2019 ("FY2019"), the Group achieved revenue of \$329.6 M, an increase of 2.9% or \$9.4 M compared to the revenue of \$320.2 M registered for the full year ended 31 December 2018 ("FY2018"). This was primarily driven by improved performance from IT products and services segment which increased by 3.3% or \$10.4 M to \$324.0 M in FY2019, from \$313.6 M in FY2018. The growth in this segment was mainly attributed to higher revenue contribution from corporate and trade show sales, partially offset by lower contribution from retail sales.

For the three months ended 31 December 2019 ("4Q2019"), the Group achieved revenue of \$83.0 M, a decrease of 1.1% or \$0.9 M compared to the revenue of \$83.9 M for the three months ended 31 December 2018 ("4Q2018"). This was mainly due to lower contribution from retail operations, partially offset by stronger revenue growth in corporate, trade show and online sales.

Revenue from the electronic signage services business segment decreased to \$0.2 M from \$0.5 M, mainly due to completion of a project in 4Q2018.

Revenue from the telephonic call centre and data management services decreased to \$0.9 M from \$1.9 M in 4Q2019 compared to 4Q2018 as lesser projects were secured in 4Q2019 compared to the corresponding period last year.

Profit after taxation ("PAT")

For FY2019, net profit decreased by \$1.9 M or 9.7% to \$17.7 M largely due to higher operating expenses.

For 4Q2019, the Group registered a lower PAT of \$5.1 M as compared to \$5.8 M in 4Q2018. The decrease in PAT was mainly due to the following:

- a) overall gross profit decreased by \$0.9 M was in line with lower revenue registered. Overall gross profit margin of 22.3% in 4Q2019 is considered stable;
- b) premises expenses increased by \$0.2 M due to new store openings;
- c) other operating expenses increased by \$0.7 M to support business operations; and
- d) inventories provision and written off increased by \$0.2 M to cater for third parties and house brand products.

The above items have been offset by:

- e) employee benefits expenses decreased by \$0.4 M;
- f) depreciation expenses decreased by \$0.1 M;
- g) interest income from fixed deposits and coupon received from investment in corporate bonds up by \$0.1 M.
- h) income tax expense decreased by \$0.6 M mainly due to lower taxable profits and transitional tax adjustments arising from the adoption of FRS 115 Revenue from Contracts with Customers.

Foreign exchange gains of \$0.1 M mainly arising from revaluation of Renminbi transactions. Sundry income of \$0.01 M in 4Q2019 is consistent with 4Q2018.

Working capital, assets and liabilities

For the fourth quarter and full year ended 31 December 2019, the Group has cash of approximately \$77.9 M.

The Group recorded an operating cash inflow of about \$12.3 M in 4Q2019. This was mainly attributable to the following:

- a) operating profit derived for 4Q2019 of \$10.3 M;
- b) trade, other receivables and other assets decreased by \$2.3 M;
- c) inventory decreased by \$3.4 M;
- d) trade, other payables, provisions and accrued liabilities decreased by \$2.9 M;
- e) other liabilities decreased by \$0.6 M; and
- f) income tax paid of \$0.2 M.

The net cash inflow for investing activities was mainly on proceeds arising from disposal of a bond investment of \$0.5 M and interests received from fixed deposits and bonds of \$0.3 M during the period. Meanwhile, \$4.3 M used in financing activities was incurred as principal and interest element for lease payments. Hence, cash and cash equivalents increased by about \$8.8 M for the period ended 31 December 2019.

Other than the above, no significant difference was noted for other working capital, assets and liabilities, except for the Group total assets which increased by \$30.4 M to \$161.4 M and total liabilities which increased by \$19.5 M to \$58.1 M as at 31 December 2019. This is mainly attributable to the recognition of right-of-use assets and lease liabilities arising from the adoption of SFRS(I) 16 Leases.

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

No specific forecast was previously provided.

- 10 **A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

a. IT products and services

Retail sector continues to remain challenging amid global economic slowdown and the recent coronavirus outbreak. The Group will continue to focus on driving greater productivity and enhancing product range.

As of today, the Group has a total retail network of 41 stores in Singapore.

b. Electronic signage services

We will continue to explore business opportunity with strategic partners to continue to grow our business in architectural and commercial lighting projects.

- 11 **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Proposed final dividend to be paid for the year ended 31.12.2019.

Name of Dividend: Final exempt (one-tier) dividend

Dividend type: Cash

Dividend amount per share (in cents): 1.50

Tax rate: Tax-exempt one-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend: Final exempt (one-tier) dividend

Dividend type: Cash

Dividend amount per share (in cents): 2.00

Tax rate: Tax-exempt one-tier

Name of Dividend: Interim exempt (one-tier) dividend

Dividend type: Cash

Dividend amount per share (in cents): 1.10

Tax rate: Tax-exempt one-tier

The Company does not have a formal fixed dividend policy and in view of the uncertainty in the market outlook and business environment, the Board deems it prudent to propose a final dividend of 1.5 cents for the financial year ended 31 December 2019.

(c) Date Payable

5 June 2020.

(d) Record Date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 14 May 2020 for the purpose of determining members' entitlements to the tax-exempt one-tier final dividend of 1.5 cents. Duly completed registerable transfers in respect of the shares in the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, by the close of business at 5.00 pm on 13 May 2020 will be registered to determine the members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 pm on 13 May 2020 will be entitled to such dividend.

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT mandate obtained.

14 Additional Information for Full Year Announcement

Segment Revenue and Results for Business Segment

Group
Financial Year Ended 31 December 2019

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
CONTINUING OPERATIONS 2019					
Revenue by Segment					
Total revenue by segment	323,988	894	5,200	-	330,082
Inter-segment sales and services	(72)	(177)	(263)	-	(512)
Total revenue	323,916	717	4,937	-	329,570
Recurring EBITDA					
Interest income	37,156	(304)	541	-	37,393
Interest expense	1,251	-	21	-	1,272
Depreciation	(606)	-	(12)	-	(618)
Profit before tax from continuing operations	(16,510)	(11)	(262)	-	(16,783)
Income tax expense	21,291	(315)	288	-	21,264
Profit from continuing operations					17,704
ASSETS					
Total assets for reportable segments	89,175	942	3,694	-	93,811
Unallocated:					
Cash and cash equivalents				61,367	61,367
Other financial assets				6,215	6,215
Total Group Assets					161,393
LIABILITIES					
Total liabilities for reportable segments	50,444	180	3,306	-	53,930
Unallocated:					
Deferred and current tax liabilities				4,184	4,184
Total Group Liabilities					58,114
OTHER MATERIAL ITEMS					
Expenditures for non-current assets	1,693	43	50	-	1,786

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

14 Additional Information for Full Year Announcement (cont'd)

Segment Revenue and Results for Business Segment (cont'd)

Group
Financial Year Ended 31 December 2018

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
CONTINUING OPERATIONS 2018					
Revenue by Segment					
Total revenue by segment	313,626	995	5,898	-	320,519
Inter-segment sales and services	(77)	(4)	(270)	-	(351)
Total revenue	313,549	991	5,628	-	320,168
Recurring EBITDA	25,439	73	611	-	26,123
Interest income	780	-	22	-	802
Depreciation	(2,636)	(6)	(126)	-	(2,768)
Profit before tax from continuing operations	23,583	67	507	-	24,157
Income tax expense					(4,555)
Profit from continuing operations					19,602
ASSETS					
Total assets for reportable segments	70,973	1,287	2,533	-	74,793
Unallocated:					
Cash and cash equivalents				49,557	49,557
Other financial assets				6,605	6,605
Total Group Assets					130,955
LIABILITIES					
Total liabilities for reportable segments	30,410	202	3,406	-	34,018
Unallocated:					
Deferred and current tax liabilities				4,604	4,604
Total Group Liabilities					38,622
OTHER MATERIAL ITEMS					
Expenditures for non-current assets	839	-	127	-	966

Segment Revenue and Results for Geographical Segment

Group
Financial Year Ended 31 December 2019

	Revenue		Non-current Assets	
	31.12.2019 \$'000	31.12.2018 \$'000	31.12.2019 \$'000	31.12.2018 \$'000
Singapore	329,570	320,168	30,721	7,563
China	-	-	4	10
	329,570	320,168	30,725	7,573

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

As disclosed in paragraph 8 above.

16 A Breakdown of Sales

	FY2019 \$'000	FY2018 \$'000	Increase / (Decrease) %
(a) Sales reported for the first half year	163,292	153,839	6%
(b) Operating profit after taxation before non-controlling interests reported for first half year	8,317	9,269	-10%
(c) Sales reported second half year	166,278	166,329	0%
(d) Operating profit after taxation before non-controlling interests reported for second half year	9,387	10,333	-9%

17 A breakdown of the Total Annual Dividend for Latest Full Year and its Previous Full Year

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	5,178	10,701
Preference	0	0
Total	5,178	10,701

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

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
Mr Ng Kian Teck	52	Brother of Mr Ng Leong Hai, Substantial Shareholder of the Company	Senior Director – Special Projects since 1 July 2017. He is responsible for improving and increasing the efficiency and productivity of all functions across the Group.	N.A.
Ms Loo Pei Fen	38	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)	Chief Marketing Officer since 1 June 2015. She is responsible for group marketing, loyalty programme, online activities and public relations.	N.A.

19 Confirmation By the Company Pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

LOO LEONG THYE
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
DATE: 13 February 2020