

## **THE PROPOSED TRANSFER OF ASSETS IN A SUBSIDIARY**

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### **1. INTRODUCTION**

The Board of Directors (the “**Board**” or “**Directors**”) of Polaris Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that CM Polaris Pte. Ltd. (an indirect subsidiary of the Company) (the “**Vendor**”) has on 6 September 2018 entered into an asset transfer agreement (the “**Asset Transfer Agreement**”) with R7 Rigel.1 Pte. Ltd. (Company Registration No. 201734131M) (the “**Purchaser**”), Asiatic Mart Holding Pte Ltd, and Polaris KKC Holdings Pte. Ltd., both of which are shareholders of the Vendor) (the “**Shareholders**”). The Asset Transfer Agreement encloses a novation agreement (the “**Novation Agreement**”) which was entered into by the Purchaser, the Vendor and CM Polaris Company Limited. For the avoidance of doubt, CM Polaris Company Limited is not part of the Group.

### **2. INFORMATION ON PURCHASER**

The Purchaser is a private company limited by shares and incorporated in the Republic of Singapore on 27 November 2017 and is in the business of retail, distribution and repair of mobile phones and related products. The directors of the Purchaser are Ang Chuan Hui and Juliana Julianti Samudro. The sole shareholder of the Purchaser is R7 Rigel Pte. Ltd. The directors and shareholders of the Purchaser are not related or connected to the Company, its Directors and the Group.

### **3. INFORMATION ON VENDOR**

The Vendor is a private limited company incorporated in Singapore and serves as an investment holding company.

### **4. RATIONALE FOR THE PROPOSED TRANSFER**

Based on the latest audited financial statements, the Vendor is a loss-making business. Due to the lack of business performance of the Vendor, the Board is of the view that the Proposed Transfer of the Assets is in the best interest of the Company and the shareholders of the Company.

### **5. PROPOSED TRANSFER**

- 5.1. The assets to be transferred (the “**Assets**”) from the Vendor to the Purchaser for the consideration of S\$1,120,762, and pursuant to the Asset Transfer Agreement are as follows:
  - (a) Nett of all monies held in the Vendor’s fixed deposit (the “**Fixed Deposit**”), inclusive of the terms and conditions attached into it; and
  - (b) all the Vendor’s rights and obligations under the franchise and license agreement between CM Polaris Company Limited and the Vendor (the “**Franchise and License Agreement**”, which shall be novated in accordance with the Novation Agreement).

(the “**Proposed Transfer**”).

- 5.2. The Fixed Deposit has monies worth US\$1,000,000 (excluding interest).

## **6. FRANCHISE AND LICENSE AGREEMENT**

The Franchise and License Agreement grants CM Polaris Company Limited the right to use the trademarks, service marks, logos and other commercial symbols as well as overarching distinctive business formats and methods owned by the Vendor, for the operation of the business in Myanmar. Upon Completion, the Vendor shall irrevocably novate all its rights and obligations under the Franchise and License Agreement to the Purchaser.

## **7. PRINCIPAL TERMS OF THE PROPOSED TRANSFER**

### **7.1. Consideration**

- (a) The consideration for the transfer of the Assets shall be the sum of S\$1,120,762 (“**Consideration**”) which shall be paid in cash. The Consideration was determined on a willing-buyer willing-seller basis after arm’s length negotiations between the Vendor and the Purchaser, and taking into account any write-off of the loans owing by CM Polaris Company Limited to the Vendor (which will be reflected in the interim financial statements).
- (b) The Purchaser shall pay to the Vendor and the Vendor shall receive from the Purchaser the said Consideration as follows:
  - (i) Upon maturity of the Fixed Deposit on 24 September 2018 (the “**Maturity Date**”), the Vendor shall retain 50% of the Consideration and shall cause the balance of monies held in the Fixed Deposit to be transferred to the Purchaser no later than two (2) Business Days from the Maturity Date; and
  - (ii) The Purchaser shall cause the remaining 50% of the Consideration to be paid to the Vendor no later than 1 December 2018.

### **7.2. Conditions Precedent / Completion**

There are no conditions precedent under the Asset Transfer Agreement. Upon signing of the Asset Transfer Agreement, completion shall be deemed to have taken place concurrently (“**Completion**”).

### **7.3. Liabilities**

All debts, liabilities or obligations of the Vendor prior to Completion shall remain the responsibility of the Vendor, and the Vendor shall in no event assume or acquire any debts, liabilities or obligations after Completion relating to the Assets, and in relation to CM Polaris Company Limited.

## **8. SHAREHOLDERS’ RESOLUTION OBTAINED BY THE VENDOR**

The Proposed Transfer constitutes a disposal of the whole or substantially the whole of the Vendor’s property or undertaking under Chapter 160 of the Companies Act (Chapter 50) of Singapore (the “Companies Act”). Accordingly, the approval of the Shareholders by ordinary resolution at an extraordinary general meeting of the Vendor was obtained on 31 August 2018.

## **9. USE OF PROCEEDS**

The Company expects to receive gross proceeds of S\$800,000 from the Proposed Transfer (excluding estimated transactional expenses to be incurred in connection with the Proposed

Transfer). The proceeds from the Proposed Transfer will be used as general working capital for the requirements of the Group's businesses and operations and for the Group to undertake new investment opportunities that may arise in the future.

###### 10. RELATIVE FIGURES FOR THE PROPOSED TRANSFER UNDER CHAPTER 10 OF THE CATALIST RULES

- 10.1. The relative figures in relation to the Proposed Transfer are computed on the applicable bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), based on the Group's audited consolidated financial statements for FY2017, being the latest announced audited consolidated financial statements of the Group as at the date of the Asset Transfer Agreement.
- 10.2. The Company refers to its earlier announcement on 28 February 2018 in relation to the disposal of the Company's entire shareholdings in its wholly-owned subsidiary, Polaris Telecom Pte. Ltd (the “**Telecom Disposal**”). Rule 1005, provides that separate transactions completed within a twelve (12) month period may be treated by the SGX-ST as one transaction for the purpose of determining the classification of a transaction.
- 10.3. For illustrative purposes only, the relative figures for (a) the Proposed Transfer, and (b) the Telecom Disposal aggregated together with Proposed Transfer (collectively the “**Transactions**”), calculated in accordance with the bases set out in Rule 1006, are set out below:

Rule 1006	Bases	Relative Figures for the Proposed Transfer	Relative Figures for the Transactions
(a)	The net asset value of the assets to be disposed of <sup>(1)</sup> , compared with the Group's net asset value of S\$14,405,840.00.	14.81%	38.57%
(b)	The net profits <sup>(2)</sup> attributable to the assets disposed of, compared with the Group's net profits of S\$1,000,125.65 <sup>(3)</sup> .	(2.11)%	12.03%
(c)	The aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	2.19% <sup>(4)</sup>	13.92% <sup>(4)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(5)</sup>	Not applicable <sup>(5)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable <sup>(6)</sup>	Not applicable <sup>(6)</sup>

Notes:

- (1) The net asset value attributable to the assets disposed of under the Proposed Transfer and the Transactions is S\$2,133,764.84 and S\$5,556,330.23 respectively.  
(2) "Net profits" means profit before income tax, minority interests and extraordinary items. The net profits attributable to the assets disposed of under the Proposed Transfer and the Transactions is S\$(21,078.05) and S\$120,334.86 respectively.  
(3) The audited net profits of the Group for the financial year ended 31 December 2017 were S\$1,000,125.65.  
(4) Based on the consideration of S\$1,120,762 and S\$7,120,762 for the Proposed Transfer and the Transactions respectively, and the Company's market capitalisation of approximately S\$51,159,509.45. The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "Shares") in issue (17,053,169,818) (excluding treasury shares) by the volume weighted average price of S\$0.003 per Share on 6 September 2018, being the full market day immediately preceding the signing of the Asset Transfer Agreement.  
(5) There will be no issuance of consideration shares in relation to the Proposed Transfer.  
(6) The Company is not a mineral, oil or gas company.

- 10.4. Based on the above figures, the Transactions fall under the definition of a discloseable transaction under Rule 1010 of the Catalist Rules, and therefore does not require the approval of shareholders of the Company.

## 11. FINANCIAL EFFECTS OF THE PROPOSED TRANSFER

- 11.1. For illustrative purposes only, the financial effects of the Proposed Transfer on the net tangible assets per share and earnings per share of the Group based on the latest announced audited financial statements of the Group for the financial year ended 31 December 2017 are as follows:

### Effects on net tangible assets ("NTA")

Assuming the Proposed Transfer had been completed on 31 December 2017, the effect of the Proposed Transfer on the NTA of the Company is as follows:

	Before the Proposed Transfer	After the Proposed Transfer
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	14,181	12,962
Number of issued shares (excluding treasury shares) ('000)	17,053,170	17,053,170
Net tangible assets per share (Singapore cents)	0.083	0.076

### Effects on earnings per Share ("EPS") or Loss per Share ("LPS")

Assuming the Proposed Transfer had been completed on 1 January 2017, the effect of the Proposed Transfer on the Company's EPS or LPS for FY2017 is as follows:

	Before the Proposed Transfer	After the Proposed Transfer
Net profit attributable to shareholders after tax (S\$'000)	1,000	102
Weighted average number of issued shares (excluding treasury shares) ('000)	17,053,170	17,053,170

EPS/(LPS) (Singapore cents)	0.0058	0.001
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**Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Transfer. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Transfer.**

- 11.2. The Proposed Transfer will not have any effect on the share capital and shareholding structure of the Company.

## **12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the other Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Transfer, other than through their respective shareholdings in the Company (if any).

## **13. SERVICE CONTRACTS**

No person will be appointed to the board of directors of the Company in connection with the Proposed Transfer and accordingly, no service contracts in relation thereto will be entered into by the Company.

## **14. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Asset Transfer Agreement (enclosing the Novation Agreement) is available for inspection at the Company's office at 81 Ubi Avenue 4, #03-11, UB. One, Singapore 408830 during normal business hours for three (3) months from the date of this announcement.

## **15. 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 Proposed Transfer, 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.

### **By Order of the Board**

Soennerstedt Carl Johan Pontus  
Executive Director & CEO  
6 September 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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