Polaris Ltd.
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Co. Registration No. 198404341D

POLARIS LTD.
(Company Registration No.: 198404341D)
(Incorporated in the Republic of Singapore)

DISPOSAL OF INVESTMENT IN XMI PTE. LTD.

The Board of Directors (the "**Board**") of Polaris Ltd. (the "**Company**" or together with its subsidiaries, the "**Group**") refers to a previous announcement dated 24 April 2015, pursuant to which the Company's wholly-owned subsidiary, Polaris Device Pte. Ltd. ("**PDPL**"), acquired 30% of the equity interest (comprising 300,000 ordinary shares) in a multimedia devices manufacturer and distributor, XMI Pte. Ltd. ("**XMI**"), in consideration of SGD1 and the grant to XMI of an unsecured loan of a total principal amount of USD1,500,000 (the "**Loan**"), based on the terms and conditions of the unsecured loan arrangement, subscription and shareholders' agreement (the "**Agreement**") with XMI and its founders.

The Board wishes to announce that PDPL has on 23 December 2016 reached settlement with XMI and its founders with regards to the Loan and its investment in XMI, which provides, among other things, that (i) PDPL shall dispose of its entire shareholding in XMI at the consideration of SGD1; and (ii) XMI shall pay to PDPL a total sum of USD1,770,000 (equivalent to SGD2,560,429) (the "**Settlement Amount**") in full and final settlement of all payables to PDPL by XMI under the Loan (the "**Disposal**").

The Settlement Amount represents a full repayment of the Loan by XMI to PDPL, comprising the principle amount of USD 1,500,000 (equivalent to SGD 2,169,855) and an interest of USD 270,000 (equivalent to SGD 390,574) accrued thereon at an interest rate of 10.80% per annum. As a result of the Disposal, the Agreement shall be terminated and each party thereto shall be released and discharged by the other parties from all and any obligations and liabilities incurred under the Agreement.

The Group has impaired a total amount of USD 1,551,575 (equivalent to SGD 2,196,000) as "loan receivables from an associate" in the Group's financial statements for the year ended 31 December 2015 due to the uncertainty of recoverability of the Loan at that time. However, the Group will be able to revise such impairment losses in light of the Disposal and the receipt by PDPL of the Settlement Amount.

The Disposal is expected to have a positive impact on the consolidated net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2016.

None of the Directors (other than in his capacity as a Director or shareholder of the Company, as the case may be) and controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

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By Order of the Board,

Ang Chuan Hui, Peter
Executive Director & CEO

28 December 2016

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST 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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