POLARIS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 198404241D)

RESPONSES TO QUERIES
BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
DATED 7 JUNE 2021

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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 its response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the Company's announcement dated 4 June 2021.

Unless otherwise defined, all capitalised terms in this announcement shall have the same meanings as ascribed to them in the aforementioned announcement.

2. QUERIES BY SGX

2.1 ***Question 1:***

Is the Company exiting the business segment of distribution sale of mobile handsets and accessories and the Philippines market completely following completion of the Proposed Disposal? Does the Company have other business in Philippines?

Following the Disposal, the Company is no longer involved in the distribution sale of mobile handsets and accessories in the Philippines.

The Company will continue to do business in the Philippines through its 51% ownership of Connetic-Enterprises Inc., which is part of the Group's pre-owned luxury goods business and lifestyle products sales segment, with a view to supporting the Company's new sustainability related business focus.

2.2 ***Question 2:***

The Company's remaining business segments after the Proposed Disposal are in (i) lifestyle products sales; (ii) retail sale of consumer electronics and related products; and (iii) customer services. The Group recorded a loss before tax of S$266K for FY2020. What are the Company's future plans to turn its business around?

Revenue from the distribution sale of mobile handsets and accessories has been trending down and is expected to continue to do so, while retail consumer electronics sales is expected to be flat. Given this expected trend, the Company intends to increase its focus on other business segments with greater growth potential and that are sustainability related. The Disposal is also a continuation of the Group's strategy to review and allocate resources towards these business segments, which includes the pre-owned luxury goods business.

2.3 ***Question 3:***

How is the consideration of PHP 30 million (approxi. SS$840K) derived? Will a valuation be conducted?

The Consideration was determined on a willing-buyer willing-seller basis after arm's length negotiation between PEPL and the Buyer and taking into account, *inter alia*, (a) the book value of the Sale Shares of S$812,000; (b) the net tangible asset value of the Sale Shares of S$1,097,504.70; and (c) the net loss attributable to the Sale Shares of S$45,607.24, as at 31 December 2020.

A valuation will not be conducted as given the size of the Consideration, the costs of conducting a valuation exercise would significantly impact the net proceeds from the Disposal received by the Company. The Group has also been involved in the business of Polaristitans prior to the Disposal and is aware of its financial position.

2.4 ***Question 4:***

The consideration will be paid to the Company in 4 equal instalments, from June 2021 till March 2022.

- ***What is the rationale for such payment structure?***

The Group has a long history working together with the Buyer and despite its exit, the Group intends to remain on friendly terms with the Buyer. The terms of the instalment were therefore agreed to enable the Group's exit from the business without putting undue strain on Polaristitans or the Buyer.

- ***What is the Company's recourse in the event the Buyer does not fulfil its payment obligations? Is there a security being pledged?***

The Group could explore various dispute resolution mechanisms, including to negotiate or to commence legal action against the Buyer in the event that the Buyer does not fulfil its payment obligations. In addition, an undated but unexecuted deed of absolute sale in favour of the Buyer as well as the Stock Certificates are being held at the office of the Escrow Agent, which will only be released to the Buyer upon their payment of the fourth and final instalment.

BY ORDER OF THE BOARD
POLARIS LTD.

Soennerstedt Carl Johan Pontus
Director and Chief Executive Officer
8 June 2021

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*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes 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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