

DISPOSAL OF SHARES IN POLARISTITANS PHILIPPINES INC

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Directors**”) of Polaris Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 6 April 2021 in relation to the entry into a non-binding term sheet (“**Term Sheet**”) for the proposed disposal of shares in Polaristitans Philippines Inc (“**Polaristitans**”).
- 1.2 *Unless otherwise defined, all capitalised terms in this announcement shall have the same meanings as ascribed to them in the aforementioned announcement. Unless otherwise stated, the conversion of PHP to S\$ in this announcement is based on the exchange rate of PHP 1:S\$0.02749 at 31 December 2020.*

2. THE DISPOSAL

- 2.1 Further to the Term Sheet, the Board wishes to announce that Polaris Explorer Pte. Ltd. (“**PEPL**”), a wholly owned subsidiary of the Company had, on 4 June 2021, entered into a sale and purchase agreement (“**SPA**”) with TechTitan Technology Inc. (“**Buyer**”) for the disposal of the Group’s entire 40% shareholding in Polaristitans (the “**Sale Shares**”) to the Buyer (“**Disposal**”), for a total consideration of thirty million Pesos (PHP 30,000,000.00) (the “**Consideration**”). Following the Disposal, the Group will exit its existing business in the distribution of mobile communication devices and accessories in the Philippines.
- 2.2 The Consideration was determined on a willing-buyer willing-seller basis after arm’s length negotiations 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.
- 2.3 The Consideration shall be satisfied in four (4) quarterly instalments (which shall be converted into U.S. dollars remitted to an offshore bank account designated by PEPL) in accordance with the following schedule:

Instalments	Amount (PHP)	Payment Dates
First Instalment	7,500,000.00	June 15, 2021
Second Instalment	7,500,000.00	September 15, 2021
Third Instalment	7,500,000.00	December 15, 2021
Fourth Instalment	7,500,000.00	March 15, 2022

- 2.4 Upon full payment of the first instalment of the Consideration, PEPL shall deliver to the law firm Morales & Justiniano (acting as escrow agent) (“**Escrow Agent**”) (i) an undated but executed deed of absolute sale in favor of the Buyer covering the Sale Shares, and (ii) the stock certificates in respect of the Sale Shares (“**Stock Certificates**”). Upon receipt by the Escrow Agent from PEPL of a notice that the fourth instalment of the Consideration has been fully paid, the Escrow Agent shall (a) date the deed of absolute sale as of the date of such payment and (b) deliver the same to the Buyer together with the said Stock Certificates.

3. INFORMATION ON POLARISTITANS AND THE BUYER

- 3.1 Polaristitans is a 40%:60% joint venture between PEPL and the Buyer which was incorporated on 8 September 2014 for the purpose of engaging in, conducting and carrying on the business of importing, exporting, and manufacturing, selling, distributing and marketing of wholesale telecommunication equipment in the Philippines. The Buyer is the 60% joint venture partner of PEPL in Polaristitans.
- 3.2 As at the date of this announcement, Mr. Soennerstedt Carl Johan Pontus, the Executive Director and Chief Executive Officer of the Company, and Mr. Lim Chee Keong, the General Manager of the Company, are directors of Polaristitans as nominees of PEPL. Pursuant to the SPA, both Mr. Soennerstedt Carl Johan Pontus and Mr. Lim Chee Keong shall be deemed to have resigned as directors of Polaristitans upon the full payment of the first instalment of the Consideration on 15 June 2021.

4. RATIONALE FOR THE DISPOSAL

The COVID-19 pandemic has negatively affected the business and outlook of Polaristitans, and following declining revenues from the Group's business in the distribution of mobile communication devices and accessories in the region, the Disposal is a continuation of the Group's efforts to strengthen its financial position and utilise its resources to focus on sustainability related businesses.

5. RELATIVE FIGURES FOR THE DISPOSAL UNDER CHAPTER 10 OF THE CATALIST RULES

- 5.1 The relative figures in relation to the Disposal are computed on the applicable bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**") based on the latest announced audited consolidated financial statements for the Group for the financial year ended 31 December 2020 ("**FY2020**") (as at the date of the SPA).

Rule 1006	Bases of Calculation	Relative Figure
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	7.81% ⁽¹⁾
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net profits.	13.86% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	1.21% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾

(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁵⁾
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Notes:

- (1) The net assets value attributable to the Sale Shares is PHP39,923,779.59 (or S\$1,097,504.70) and the Group's net asset value for FY2020 is S\$14,054,000.
- (2) The net loss attributable to the Sale Shares acquired is PHP1,659,048.25 (or S\$45,607.24) and the Group's net loss for FY2020 is S\$329,000.
- (3) The aggregate value of the consideration is PHP30,000,000 (or S\$824,700.00). The market capitalisation of the Company is S\$68,212,679 (as determined by multiplying 17,053,169,818 ordinary shares in issue ("**Shares**") as at the date of this announcement by the volume weighted average price of the Shares of approximately S\$0.004 for trades done on 3 June 2021, being the full market day immediately preceding the date of the SPA).
- (4) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities has been issued by the Company as consideration for the Disposal.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

5.2 The Disposal will not result in any loss or gain on disposal.

5.3 The Disposal constitutes a disposal of a loss-making asset by a loss-making issuer where (i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) of the Catalist Rules does not exceed 50%; and (ii) the disposal will not result in a loss on disposal.

5.4 Having regard to paragraph 4.4(e) of Practice Note 10A of the Catalist Rules, the Company must, in relation to the Disposal, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE DISPOSAL

6.1 For illustrative purposes only, the financial effects of the Disposal on the net tangible assets per share and earnings per share of the Group based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2020 are set out below. **Please note that the 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 Disposal. No representation is made as to the actual financial position and/or results of the Company after completion of the Disposal.**

6.2 Net Tangible Assets per share

Had the Disposal been effected on 31 December 2020, the financial effect on the net tangible assets ("**NTA**") of the Group is as follows

	Before the Disposal	After the Disposal
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	14,054	14,067

Number of issued shares (excluding treasury shares) ('000)	17,053,170	17,053,170
Net tangible assets per share (Singapore cents)	0.082	0.082

6.3 Loss per share

Had the Disposal been effected on 1 January 2020, the financial effect on the loss per share of the Group is as follows:

	Before the Disposal	After the Disposal
Net loss attributable to shareholders after tax (S\$'000)	329	316
Number of issued shares (excluding treasury shares) ('000)	17,053,170	17,053,170
Loss per share (Singapore cents)	0.0019	0.0019

7. **INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Disposal (other than their direct or indirect shareholdings in the Company).

8. **SERVICE CONTRACTS**

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

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA is available for inspection at the Company's office at 81 Ubi Avenue 4, #03-01 UB. One, Singapore 408830 during normal business hours for three (3) months from the date of this announcement. Shareholders who wish to inspect the following documents should contact the Company at ir@wearepolaris.com to make an appointment so that the relevant arrangements can be made in view of the current COVID-19 situation and related safe distancing measures.

BY ORDER OF THE BOARD
POLARIS LTD.

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

*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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