

POLARIS LTD.

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

PROPOSED SALE OF PROPERTIES

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Polaris Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 29 April 2021, issued an option to purchase (“**Option to Purchase**”) to Masonry Studios Pte. Ltd. (the “**Purchaser**”), whereby the Company granted an option to the Purchaser to purchase from the Company (the “**Option**”), the Company’s investment properties at 81 Ubi Avenue 4 #03-21 and #03-22 UB. One Singapore 408830 (collectively, the “**Properties**”) (the “**Proposed Sale**”).

2. THE PROPOSED SALE

2.1 Information on the Properties

The Properties are adjoining units located at 81 Ubi Avenue 4 #03-21 and #03-22 UB. One Singapore 408830. The tenure of the land is 60 years from 31 December 2008. The Properties have an total gross floor area of approximately 2,604.88 square feet. They were previously leased to an unrelated third-party to generate rental income and are currently vacant. The Properties were purchased by the Company in 2013 to enable the Group’s then planned business expansion.

2.2 Information on the Purchaser

The information presented herein relating to information on the Purchaser is based on information provided by the Purchaser. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

The Purchaser is an exempt private company incorporated in the Republic of Singapore, having its registered office and principal place of business at 81 Ubi Avenue 4, UB. One #05-09, Singapore 408830. The principle business activities of the Purchaser are those of 3D animation production and advertising business.

The board of the Purchaser comprises of Mr Fong Ren Kai, Ronald and Mr Chia Peng Yang, Nicholas, both of whom are Singapore citizens. Mr Fong Ren Kai, Ronald and Mr Chia Peng Yang, Nicholas are also shareholders of the Purchaser and each hold 50% of the share capital of the Purchaser.

The Purchaser, its directors and shareholders and their respective associates are not related to the Company, its directors and substantial shareholders, or their respective associates and they do not currently hold any shareholding interest (direct or indirect) in the Company.

2.3 Sale Price

Pursuant to the Option to Purchase, the aggregate sale price for the Properties is S\$1,400,000 (the “**Sale Price**”), excluding good and services tax, and is to be satisfied fully in cash. The Sale Price was arrived at based on arm’s length negotiations between the parties, after taking into account prevailing market conditions and the market value of the Properties.

No valuation has been commissioned by the Company due to publicly available market prices. Based on a SRX transaction history search conducted by the Company, the market price for a comparable

single unit (with a gross floor area of 1,302 square feet) was transacted at S\$740,000 in February 2021.

With reference to the announcements made by the Company on 12 March 2020, 26 March 2020, 29 May 2020, 9 June 2020, 15 June 2020, 3 July 2020 and 31 August 2020 (the “**Earlier Announcements**”) in relation to the sale of its investment properties located at 81 Ubi Avenue 4 #03-14 and #03-15 UB. One Singapore 408830 (the “**Earlier Units**”), the Company had disposed the Earlier Units for a sale price of S\$720,000 and S\$700,000, respectively (the “**Earlier Transactions**”). The Properties are similar to the Earlier Units and the Proposed Sale is comparable to the Earlier Transactions.

The Sale Price shall be payable by the Purchaser to the Company in the following manner:

- (a) an initial deposit of S\$14,000 (the “**Option Money**”), equivalent to 1% of the Sale Price, which had been paid by the Purchaser to the Company upon the signing of the offer to purchase dated 22 April 2021;
- (b) a further deposit of S\$56,000 (together with the Option Money, the “**Deposit**”), equivalent to 4% of the Sale Price, which is to be paid by the Purchaser to the Company upon the exercise of the Option; and
- (c) the balance of S\$1,330,000, equivalent to 95% of the Sale Price, shall be payable by the Purchaser to the Company on the date of completion of the Proposed Sale.

2.4 Salient terms of the Proposed Sale

- 2.4.1 The Option may be accepted by the Purchaser delivering the accepted Option to Purchase, together with the Deposit less the Option Money (together with applicable good and services tax), to the Company’s solicitors on or before 13 May 2021, 4pm (“**Expiry Date**”) and which shall be held by the Company’s solicitors pending the completion of the Proposed Sale.
- 2.4.2 The Option shall expire on Expiry Date and shall be null and void if not accepted by the Purchaser in the manner set out in paragraph 2.4.1 above, in which case the Option Money shall be forfeited.
- 2.4.3 The other salient terms of the Option to Purchase are, *inter alia*, as follows:-
 - (i) Title to the Properties sold shall be properly deduced and free from encumbrances but is subject to the restrictive and other covenants and conditions and reservations affecting the same, if any;
 - (ii) The Properties are sold on an “as is where is” basis in their present state and condition and the Purchaser shall be deemed to have inspected the same and to be satisfied as to the condition thereof. The Purchaser shall not be entitled to make or raise enquiry, objection or requisition whatsoever in respect thereof and no warranty or representation on the Company’s part is given or to be implied as to the state, condition, quality, area or any other thing or aspect whatsoever. This is provided always that : (a) that the Purchaser is aware that the common wall between the Properties have been removed and the Purchaser accepts the state of the Properties and shall not require the said common wall to be rebuilt and reinstated; and (ii) the Company has agreed to remove the mezzanine floors in the Properties and make good the adjoining parts of the walls they are abutting to a reasonable condition; and
 - (iii) The Properties are sold with vacant possession to be delivered at completion of the Proposed Sale.
- 2.4.4 The Proposed Sale is subject to the Purchaser's solicitors receiving satisfactory replies to the legal requisitions as set out in the Option to Purchase.

- 2.4.5 The completion of the Proposed Sale shall take place within ten (10) weeks from the date of the exercise of the Option (the “**Completion Date**”).

3. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

With reference to the Earlier Announcements in relation to the sale of the Earlier Units, the Purchaser of the Properties has confirmed to the Company that it is not related to Hua Chang Construction Pte. Ltd. and Asia Ticketing Pte. Ltd., who were the buyer for the Earlier Units. As such, the Company has not aggregated the Proposed Sale with the sale of the Earlier Units for the purpose of computation of the relative figures under Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”).

The relative figures in relation to the Proposed Sale are computed on the applicable bases set out in Rule 1006 based on the latest announced unaudited consolidated financial statements for the Group for the financial year ended 31 December 2020 (“**FY2020**”) (as at the date of the Option to Purchase).

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net assets value	9.40% ⁽¹⁾
(b)	Net profits attributable to the assets to be disposed of, compared with the Group’s net profits	0.42% ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	2.05% ⁽³⁾
(d)	Number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue	Not applicable ⁽⁴⁾
(e)	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	Not applicable ⁽⁵⁾

Notes:

- (1) The net asset or book value of the Properties and the net asset value of the Group as at 31 December 2020 were approximately S\$1,372,000 and S\$14,595,000 respectively.
- (2) The net profit attributable to the asset is S\$800 and the Group’s net profit for FY2020 is S\$192,000.
- (3) The aggregate value of the consideration is the Sale Price, being S\$1,400,000. The market capitalisation of the Company of S\$68,212,679 is 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 28 April 2021, being the full market day immediately preceding the date of the Option to Purchase.
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Having regard to the above, as the relative figure as computed under Rule 1006(a) of the Catalist Rules in respect of the Proposed Sale exceeds 5% but does not exceed 50%, the Proposed Sale constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalist Rules. As such, the Company is required to make an immediate announcement of the Proposed Sale but the Proposed Sale is not subject to the approval of shareholders of the Company in a general meeting.

4. FINANCIAL INFORMATION

4.1 Book value of the Properties and deficit of Sale Price over book value

Based on the unaudited consolidated financial statements of the Group for FY2020, the net asset or book value of the Properties amounted to approximately S\$1,372,000 as at 31 December 2020. The profit of the Sale Price over the book value of the Properties will amount to approximately S\$28,000. After deducting estimated expenses in connection with the Proposed Sale of approximately S\$38,000, there will be a net loss on the Proposed Sale of approximately S\$10,000.

4.2 Use of net proceeds from the Proposed Sale

The estimated net proceeds from the Proposed Sale, after deducting estimated expenses to be incurred in connection with the Proposed Sale of approximately S\$38,000, is approximately S\$1,362,000 ("**Net Proceeds**").

The Company intends to utilise the Net Proceeds for general working capital requirements of the Group.

4.3 Financial effects of the Proposed Sale

The *pro forma* financial effects of the Proposed Sale on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Company and/or the Group after the completion of the Proposed Sale.

The financial effects of the Proposed Sale on the Group as set out below are based on the Group's unaudited financial statements for FY2020 and the following assumptions:

- (i) the Proposed Sale had been completed on 31 December 2020 for the computation of the effect on the NTA per share of the Group;
- (ii) the Proposed Sale had been completed on 1 January 2020 for the computation of the effect on the EPS of the Group;
- (iii) no adjustments have been made to align any differences that may result from the adoption of different accounting standards and policies by the Group; and
- (iv) the expenses to be incurred in connection with the Proposed Sale are estimated to be S\$38,000.

NTA	Before completion of the Proposed Sale	After completion of the Proposed Sale
NTA attributable to equity holders of the Company (S\$'000)	14,516	14,506
Number of ordinary shares in issue ('000) (excluding treasury shares)	17,053,170	17,053,170
NTA per share (Singapore cents)	0.085	0.085

EPS	Before completion of the Proposed Sale	After completion of the Proposed Sale
Profit attributable to equity holders of the Company ⁽²⁾ (S\$'000)	210	200
Weighted average number of ordinary shares in issue ('000) (excluding treasury shares)	17,053,170	17,053,170
EPS ⁽¹⁾ per share (Singapore cents)	0.0012	0.0012

Notes:

- (1) EPS is calculated based on the weighted average number of ordinary shares in issue during FY2020.
- (2) In arriving at the profit attributable to shareholders assuming that the Proposed Sale was completed on 1 January 2020, adjustment has been made for depreciation expenses which were incurred for the Properties during the financial year.

5. RATIONALE FOR THE PROPOSED SALE

The Board is of the view that the Proposed Sale will be in the best interests of the Company. The Properties have been vacant since 1 February 2020 and do not serve other purposes for the Group. The Proposed Sale will provide additional working capital for the Group's operations and will also enable the Company to focus on its core business.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholder(s) of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Sale (other than through their respective shareholdings in the Company, if any).

7. SERVICE CONTRACTS

No person will be appointed to the Board of the Company in connection with the Proposed Sale. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

8. 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 Sale, 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.

9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Option to Purchase will be made 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.

In light of the prevailing regulations due to the Covid-19 situation, shareholders should provide their names, contact number, proposed date and time of inspection to ir@wearepolaris.com at least three (3) working days' in advance prior to inspecting the document at the Company's office.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Sale as and when there are material developments.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares in the Company. There is no certainty or assurance as at the date of this announcement that no changes will be made to the terms of the Proposed Sale or that the Proposed Sale will be completed. Shareholders and potential investors of the Company are advised to read this announcement and further announcements made by the Company, if any, carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD POLARIS LTD.

Soennerstedt Carl Johan Pontus
Executive Director & Chief Executive Officer

29 April 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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