

POLARIS LTD.

(Company Registration No.: 198404341D)

(Incorporated in the Republic of Singapore)

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF POLARIS TELECOM PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of Polaris Ltd. (Company Registration No. 198404341D) (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement dated 28 February 2018 (the “**Agreement**”) with R7 Rigel Pte. Ltd. (Company Registration No. 201734123C) (the “**Purchaser**” and together with the Company, the “**Parties**”), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Company’s entire shareholdings (the “**Sale Shares**”) in its wholly-owned subsidiary, Polaris Telecom Pte. Ltd. (Company Registration No. 201305159M) (the “**Sale Company**”) which is principally involved in the retail of mobile communication devices and accessories and provision of broadband and other related telecommunication services in Singapore (“**Retail Telecommunication Business**”), for an aggregate cash consideration of S\$6,000,000.00 (Six Million Singapore Dollars) (the “**Disposal**”).

As the Group’s existing Retail Telecommunication Business is operated through the Sale Company, the Proposed Disposal represents a divestment of the Group’s entire Retail Telecommunication Business. Upon the completion of the Proposed Disposal (“**Completion**”), the Group’s core businesses will be that of (i) Manufacture of electrical machinery, apparatus, appliances and supplies and other holding companies; (ii) Retail sale of computer hardware and accessories and computer software; and (iii) General wholesale trade and general trading activities (collectively, the “**Lifestyle and Distribution Business**”).

2. INFORMATION ON THE SALE COMPANY

Polaris Telecom Pte. Ltd. is a wholly-owned subsidiary of the Company. It is a private company limited by shares incorporated in the Republic of Singapore on 27 February 2013. The Sale Company is principally engaged in the Retail Telecommunication Business, Business and Management Consultancy Services. The current directors of the Sale Company are Ang Chuan Hui, Peter and Karnadi Widodo.

The Sale Company is not a listed entity, hence open market valuation is not available.

No valuation on the Sale Company has been carried out for the Proposed Disposal. Based on the latest announced unaudited full year financial results of the Group for the financial year ended 31 December 2017 (“**FY2017**”), the net tangible assets (“**NTA**”) and net asset value (“**NAV**”) of the Sale Company amounted to S\$3,198,118.39 and S\$3,422,565.39 respectively as at 31 December 2017 and the profit before tax (“**PBT**”) attributable to the Sale Company amounted to S\$141,412.91 for FY2017.

The Consideration represents a gain on disposal of S\$2,477,434.61 over the NAV or book value of the Sale Company of S\$3,422,565.39 as at 31 December 2017, after deducting estimated expenses up to S\$100,000.00 in relation to the Proposed Disposal in which this represents approximately 72% premium over the NAV or book value.

3. INFORMATION ON THE PURCHASER

R7 Rigel Pte. Ltd. is a private company limited by shares and incorporated in the Republic of Singapore on 27 November 2017. The sole director of the Purchaser is Lim Woei Ming Michael. The shareholders of the Purchaser are Lim Woei Ming Michael, PT. Utama Berkat Investama, PT. Sukses Perdana Nusantara, PT. Bruton International and PT. Nusa Berkat Investama. The directors and shareholders of the Purchaser are not related or connected to the Company, its Directors and the Group.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is undertaken as part of the reorganization of the Group, and will allow the Company to raise funds for uses and purposes as set out in Paragraph 8 below. With the Proposed Disposal, the Group will focus on its current Lifestyle and Distribution Business. The Group will also continue to look for attractive businesses in similar sectors that will complement its current businesses and help to improve the profitability of the Group.

The Board is of the view that the Proposed Disposal is beneficial to the Company and the shareholders of the Company (“**Shareholders**”) especially since it will provide the Company with fresh funding approximately of S\$6,000,000.00 (Six Million Singapore Dollars).

Additionally, in light of the highly competitive, high cost mobile phone retail businesses in a saturated market like Singapore where margin is thin, the Board believes that the Proposed Disposal is to the best interest of the Company moving forward.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 Consideration

The aggregate cash Consideration of S\$6,000,000.00 (Six Million Singapore Dollars) payable by the Purchaser to the Company for the Sale Shares was arrived at on a willing buyer willing seller basis. The Consideration is determined based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2017 announced at the Singapore Exchange Securities Trading Limited (SGX-ST) on 26 February 2018, and having regard to the fact that the gain on disposal of S\$2,477,434.61 over the NAV or book value represents approximately 72% premium.

The Purchaser shall pay the full Consideration on the Completion Date (as defined below). The Company reserves all rights under law to recover this amount due and owing.

5.2 Conditions Precedent

The Proposed Disposal is conditional upon satisfaction (or waiver) of the following conditions precedent (“**Conditions Precedent**”):

- (a) all approvals for the Proposed Disposal having been obtained.;
- (b) the approval of the board of directors of the Company and the Purchaser for the entry into, implementation and completion of the Agreement and all transactions contemplated under the Agreement having been obtained and not having been revoked or amended;

- (c) each of the representations and warranties remaining true and not misleading in any respect as at completion of the Proposed Disposal (“**Completion**”), as if repeated at Completion and at all times between the date of the Agreement and Completion; and

The Company and Purchaser agree that the Conditions Precedent may be waived, in whole or in part, and conditionally or unconditionally, by the mutual agreement between the parties.

If any of the Conditions Precedent are not satisfied or waived 6 months from the date of the Agreement or such further date as may be agreed between the Parties (the “**Long-Stop Date**”), the provisions of the Agreement (other than certain surviving clauses) shall terminate thereon and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save in respect of any antecedent breach of the Agreement.

5.3 Completion Date

The Completion shall take place on the date falling two (2) business days after the date on which all the Conditions Precedent have been fulfilled (the “**CP Fulfillment Date**”), such CP Fulfillment Date to occur by 2 April 2018 or on such later date as the parties may otherwise agree in writing, and which in any event shall be no later than the Long-Stop Date (the “**Completion Date**”).

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the unaudited full year financial results of the Group for FY2017, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the Sale Company of S\$3,422,565.39, compared with the Group’s net asset value of S\$14,405,840.00	23.76%
(b)	Net profit attributable to the Sale Company of S\$141,412.91, compared with the Group’s net profit of S\$1,000,256.65	14.14%
(c)	Aggregate value of the consideration received of S\$6,000,000.00, compared with the Company’s market capitalisation of approximately S\$85,265,849.09 as at 27 February 2018 based on the total number of issued shares excluding treasury shares ⁽¹⁾	7.04%
(d)	Number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue	Not applicable
(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

Note:

- (1) Based on the Company's existing issued share capital of 17,053,169,818 ordinary shares ("**Shares**") (excluding treasury shares) multiplied by the volume weighted average price of S\$0.0050 per share on 27 February 2018, being the market day preceding the date of the Agreement.

Based on the relative figures above, the Proposed Disposal is deemed to be a discloseable transaction as defined under Chapter 10 of the Catalist Rules, and therefore does not require the approval of Shareholders.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, the financial effects of the Group as set out below are based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2017 ("**FY2017**").

7.1 Effect on Earnings per Share ("EPS**") or Loss per Share ("**LPS**")**

Assuming that the Proposed Disposal had been completed on 1 January 2017, the effect of the Proposed Disposal on the Group's EPS or LPS for FY2017 will be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit/(loss) attributable to owners of the Company for FY2017 (S\$'000)	1,000	3,336
Weighted average number of Shares ('000)	17,053,170	17,053,170
EPS/(LPS) (Singapore cents)	0.0058	0.0196

EPS or LPS is calculated by dividing profit or loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

7.2 Effect on NTA per Share

Assuming that the Proposed Disposal had been completed on 31 December 2017, the effect of the Proposed Disposal on the Group's NTA per share as at 31 December 2017 will be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (\$'000)	14,181	16,658
Number of Shares ('000)	17,053,170	17,053,170
NTA per Share (Singapore cents)	0.083	0.098

7.3 Share Capital

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

8. USE OF PROCEEDS

The proceeds from the Proposed Disposal will be used:

- (a) to expand the Lifestyle and Distribution Business of the Group;
- (b) for the working capital of the Group; and/or
- (c) for other investments and acquisitions that are complementary to its existing businesses.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed herein, 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 Disposal, other than through their respective shareholdings in the Company (if any).

No director is proposed to be appointed to the Company in connection with the Proposed Disposal.

10. RESPONSIBILITY STATEMENT

The Directors of the Company (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and the Directors of the Company jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company 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.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 81 Ubi Avenue 4, #03-11, UB. One, Singapore 408830, for a period of three (3) months from the date of this announcement.

By Order of the Board

Carl Johan Pontus Sonnerstedt
Chairman on behalf of the Board
28 February 2018

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