



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Polaris Ltd

Stock code: 5BI

Meeting details:

Date: 28 May 2020

Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As shown in Note 5 (page 89 – Revenue from contracts with customers), total revenue for the year increased to \$54.4 million from \$23.0 million. Revenue increased in all segments, namely Distribution sale of mobile handsets and accessories, Trading sale of lifestyle products, Retail sale of consumer electronics and related products and Customer services.

- (i) **Can management provide better clarity on its business model and give shareholders a better understanding of the group's operations, its performance, the risks and future prospects?**
- (ii) **Can the board review and improve its quality of communication with shareholders via the annual report moving forward?**

Specifically, in the retail segment, the group achieved revenue of \$36.5 million in FY2019, up from \$19.4 million in FY2018.

- (iii) **What is the size of the group's retail network? Would management disclose the names and the locations of its retail network in the annual report?**
- (iv) **What was the reason for the big increase in revenue from the retail segment?**

Q2. As noted in the Letter to shareholders, equity attributable to owners of the company decreased by 76% from \$60.5 million in FY2018 to \$14.3 million in FY2019.

This was due to the \$46.2 million impairment of the group's 8.22% stake in PT Trikomsel Oke Tbk ("TRIO").

During the financial year ended 31 December 2018, the trading of TRIO shares resumed on the Indonesia Stock Exchange ("IDX") after a prolonged suspension that started on 6 January 2016. As a result, the company recognised \$46.18 million in net gain on the fair value changes of equity instruments at fair value through other comprehensive income ("FVOCI") in FY2018.

In July 2019, TRIO's shares were suspended once again by IDX and remained suspended at the reporting date. The company impaired the \$46.2 million carrying cost under Level 2 of the Fair Value Hierarchy based on recent off-market transactions.

- (i) **Has management considered selling its stake in TRIO when the trading suspension was lifted by IDX? What is the strategic value of TRIO to the group?**
- (ii) **What was the underlying reason for the trading of TRIO's shares to be suspended by IDX?**

- (iii) **What is the level of influence and control by the group with regard to TRIO? How does management safeguard the group's investment in TRIO?**

With the impairment, the carrying value of TRIO is zero.

- (iv) **What price did management use in the Level 2 of Fair Value Hierarchy when valuing its stake in TRIO?** It was stated that management had referenced recent off-market transactions.

Q3. At the annual general meeting scheduled to be held on 28 May 2020, three directors, namely Mr Masahiko Yabuki, Ms Diana Airin and Ms Evy Soenarjo, will retire pursuant to the company's constitution. All three directors are seeking their re-election.

Ms Diana Airin and Ms Evy Soenarjo were newly appointed to the board on 8 April 2020. Mr Masahiko Yabuki has been on the board since 5 February 2018.

The additional information of the three directors seeking re-election is shown on pages 38 to 43 of the annual report.

Ms Diana Airin and Ms Evy Soenarjo are first time directors. As such, the company has stated that it will arrange for both directors to attend the relevant courses and will further brief them on the roles and responsibilities of a director of a listed company.

- (i) **Would the nominating committee ("NC") help shareholders understand how it sourced for directors, especially independent directors?**
- (ii) **Would the NC be leveraging on a professional search firm to enable the board to cast its net wider and further improve the diversity and possibly the quality of the candidate pool?**
- (iii) **Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**

[^]Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)



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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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