

PROPOSED EXPANSION OF THE GROUP'S BUSINESS

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Clearbridge Health Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group proposes to expand its business to include a new business of investing into companies within the global healthcare sector, and growing such companies with a view towards exit (the “**Proposed Expansion**”).

2. INFORMATION ON THE PROPOSED EXPANSION

2.1. Background

The Group operates a healthcare business with a focus on the delivery of precision medicine and healthcare solutions in Asia.

The current core business of the Group primarily comprises of the following (collectively known as the “**Existing Business**”):

(i) Medical Centres and Clinics

Distribution of medical services and healthcare products with a focus on patient-centric services and healthcare products by capitalising on adaptive pricing and cross-selling strategy via a growing network of medical clinics/centres and distribution networks in the Philippines, Hong Kong and Singapore

(ii) Healthcare Systems

Operates 24 renal care centres in Indonesia, 22 clinical laboratories and other patient care facilities in Indonesia

(iii) Strategic Medical Technology Investments

Strategic interests in medical technology companies that gives the Group access to new medical products and/or services as well as the potential to monetise its medical technologies portfolio and unlock value for shareholders of the Company (the “**Shareholders**”)

The Group remains committed to the Existing Business so long as its continuity is in the best interest of the Group. The Proposed Expansion is meant to increase the Group's business opportunities and thereafter contribute positively to the growth, financial position and long-term prospects of the Group.

2.2. The Proposed Expansion into the Proposed New Business

The Company proposes to seek Shareholders' approval for the Proposed Expansion at an extraordinary general meeting (the “**EGM**”) to be convened to expand into the new business of investments and injection of funds (“**Investment**”) into various entities in the global healthcare sector which are earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) positive or at an inflection point with a clear line of sight to profitability (which may include medical technology companies, pharmaceutical companies, amongst others) (“**Portfolio Companies**”), and growing such Portfolio Companies with a view to eventually exiting from such Portfolio Companies through various structures and transactions (“**Divestment**”), as may be appropriate from time to time (the “**Proposed New Business**”).

The Proposed New Business will involve carefully deliberated Investments into Portfolio Companies which may either involve holding a majority stake pursuant to which such Portfolio Company may become a subsidiary within the Group, or through minority holdings. Investments may also take the form of equity, debt, or a hybrid or otherwise. In contrast with the Group's Existing Business which has grown to comprise our core sources of income, the Proposed New Business is intended to adopt an enhanced growth strategy by investing in Portfolio Companies which are EBITDA positive or at an inflection point with a clear line of sight to profitability. In this regard, the Group will seek to grow and develop Portfolio Companies with a view to eventually achieve a Divestment, whether through mergers and acquisitions, listings on public stock exchanges, trade sales or any other form of divestment that may be appropriate to each holding, in order to achieve positive returns to the Group. Portfolio Companies that may have synergistic value may also be packaged together to achieve a collective Divestment.

The Group is organised into business units based on reports reviewed by the management team that are used to make strategic decisions. There are currently four (4) reportable operating segments, comprising strategic investments, healthcare systems, medical clinics/centres and corporate. The Proposed New Business will form a new distinctive strategic business unit of the Group, separate from the current four (4) reportable operating segments, and its performance will be reported accordingly in the Group's financial statements going forward.

On the acquisition of any interest in any entity, the Group will determine whether such entity will fall under the strategy pursued by the Proposed New Business and/or the Existing Business, based on factors such as the growth strategies and expected growth trajectory of such entity, whether the entity has reached a certain maturity in its development or is EBITDA positive or at an inflection point with a clear line of sight to profitability, whether the entity is synergistic with the Existing Business or operationally distinct from the Existing Business, and the geographical presence of the entity as compared with the Existing Business. Such entity will then fall under the appropriate business unit.

In addition, from time to time, the Board will assess entities within the Existing Business (including existing entities currently within the Group) to determine if such entities should constitute a Portfolio Company that is appropriate for Divestment, whether individually, or collectively with other Portfolio Companies. The Board will also undertake an assessment of Portfolio Companies from time to time, to determine if such entities should cease to be treated as Portfolio Companies and instead, be part of the Group's Existing Business. In this assessment, the Group will take into account, amongst others, Shareholders' value in respect of the relevant entity, whether Shareholders' value can be maximised by operating such entity as part of its Existing Business or whether a Portfolio Company can be monetised by way of a Divestment at an appropriate juncture, as well as how efficiently such entity can contribute to the respective strategies pursued by the different business units.

The Company will provide Portfolio Companies with support to grow their operations and business, including research and development, business development, market and commercialization strategies, investment strategy, and financial planning. The support provided will be commensurate with the Company's holdings in such Portfolio Companies. The Portfolio Companies may also benefit from leveraging on the Group's capabilities and networks in the Existing Business to scale their operations and business, as well as obtain support from corporate functions of the Company.

Various strategies may be employed by the Group, including joint ventures, partnerships, co-investments, and the formation of strategic alliances with interested parties interested in various countries to further the Proposed New Business. The Company may also use multiple and varied investment vehicles to invest in the Portfolio Companies whether in the form of equity, debt, or a hybrid or otherwise.

The Proposed Expansion into the Proposed New Business is a recognition on the part of the Company that significant benefit can be derived through the continued Investments in suitable entities in the healthcare sector, whether or not within the scope of the Existing Business, and assessing the synergies and value of the various entities held by the Company in the event of a Divestment.

2.3. Rationale for the Proposed Expansion

The Company proposes to expand its business to include the Proposed New Business for the following reasons:

(a) Potential in the Proposed New Business

The Group has identified the Proposed New Business as a business activity which the Directors believe will provide the Group with long-term prospects of profitability and growth as the Proposed New Business intends to adopt an enhanced growth strategy by investing in Portfolio Companies, which are EBITDA positive or at an inflection point with a clear line of sight to profitability. The Proposed New Business builds on and increases the quality of the Company's healthcare portfolio, which provides a robust platform to continue to grow the Company's business presence.

By venturing into the Proposed New Business, the Company is able to better participate in the growth prospects of the healthcare sector. The Board believes that the Proposed New Business will create new business opportunities and an alternate revenue stream in respect of the healthcare sector that the Existing Business is already in. The Proposed New Business will allow the Company to make investments in entities that may be outside the scope of the Existing Business while gaining the benefits of growing such businesses with a view of Divestment. At the same time, as there are potential and beneficial synergies between the Existing Business and the Proposed New Business, Portfolio Companies may also be able to provide complementary support to enhance the performance of the Existing Business.

(b) Attractive value and opportunities in the Proposed New Business

The Proposed New Business will allow the Company to carry out investments in the development of a wide array of healthcare products to address healthcare needs, including but not limited to, diagnostic tests for endemic diseases, vaccines, pandemic swabbing booths, personalised healthcare test and products/services, and digital healthcare. As such, the relevance of the Proposed New Business is aligned to the current and likely, continued, needs of every individual worldwide and hence demand for the products in relation to the Proposed New Business is envisaged to be high.

(c) Additional revenue stream and flexibility for the Group

The Group is of the view that the Proposed New Business is expected to provide additional revenue streams for the Group which is likely to include profit margins derived from its exit from the Portfolio Companies. The Proposed Expansion may provide the Group with a more diversified business portfolio and income base for future growth and reduce the Group's reliance on its Existing Business for its revenue streams. The Proposed New Business will also allow the Company to continually evaluate its holdings in entities as a whole, including entities within the Existing Business, to determine the most efficient way of extracting the best returns for the Group, such as whether to operate such entities as part of its Existing Business, or to seek a Divestment. This will facilitate the Group's quest for sustained performance in the future, and also allow the Group to be more resilient in the face of challenging times. The Group will venture into the Proposed New Business prudently, with a focus on achieving long-term growth and enhancing Shareholders' value in the long run.

(d) Enhance Shareholders' value

The Proposed Expansion is part of the corporate strategy of the Group to provide Shareholders with diversified returns and to enhance the Group's long-term prospects for profitability and growth. It is hoped that the additional income streams will provide the Group with additional funds, which can be channelled towards the enhancement of shareholder value over the long term.

3. EGM AND CIRCULAR TO SHAREHOLDERS

As the Proposed New Business is substantially different from the Existing Business, it is envisaged that the Proposed Expansion will change the existing risk profile of the Group although it is intended that the Portfolio Companies acquired pursuant to the Proposed Expansion will be within the healthcare sector. Accordingly, the EGM is convened by the Company to seek Shareholders' approval for the Proposed Expansion.

Further details on the Proposed Expansion, including but not limited to the risk arising thereof, will be set out in a circular (“Circular”) to be issued by the Company to Shareholders in due course, for the purpose of obtaining Shareholders’ approval at the EGM. The Circular will be uploaded on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <http://www.clearbridgehealth.com>. A printed copy of the Circular will NOT be despatched to Shareholders.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders and their respective associates has any interest, direct or indirect, in the Proposed Expansion (other than by reason only of being a Director and through their respective shareholdings in the Company).

5. FUTHER ANNOUNCEMENTS

The Company will make further announcements to keep Shareholders informed, as and when there are material updates and developments in respect to the Proposed Expansion.

6. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company’s shares as there is no certainty or assurance that the Proposed Expansion will be completed.

Shareholders are advised to read this announcement and any further announcements by the Persons who are in doubt as to the actions they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Mr. Chen Johnson
Chairman, Non-Executive Non-Independent Director
15 October 2021

This announcement has been prepared by the Company and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst. This announcement has not been examined or approved by the SGX-ST. 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. The contact person for the Sponsor is Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.