

CLEARBRIDGE HEALTH LIMITED
(Company Registration No. 201001436C)

PROPOSED DISPOSAL OF SHARES IN BIOMEDICS LABORATORY PTE. LTD.

1. INTRODUCTION

- 1.1 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 Company's wholly-owned subsidiary, SAM Laboratory Pte. Ltd. ("**SAM**"), had on 27 March 2020 entered into a conditional sale and purchase agreement (the "**SPA**") with Biolidics Limited (the "**Purchaser**") for the acquisition by the Purchaser of the entire issued and paid-up ordinary shares (the "**Sale Shares**") in the capital of Biomedics Laboratory Pte. Ltd. ("**Biomedics**") held by SAM (the "**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER

The Purchaser is incorporated in Singapore on 19 July 2009 and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Purchaser is a medical technology company focused on diagnostic solution for cancer. Its proprietary technology is in the area of cell enrichment systems which, when combined with other analytical tests, have a wide range of applications for cancer diagnosis, prognosis, treatment selection and treatment monitoring. The Purchaser has an issued and paid-up capital of S\$53,798,878 comprising 242,500,000 ordinary shares as at the date of the SPA. The Company has, in aggregate, a direct and deemed interest of 33.04% in the issued and paid-up ordinary shares in the capital of the Purchaser.

3. INFORMATION ON BIOMEDICS

- 3.1 Biomedics is a private company incorporated in Singapore on 21 November 2019 with an issued and paid-up share capital of S\$400,001 comprising 400,001 ordinary shares as at the date of the SPA. SAM is the legal and beneficial owner of the entire issued and paid-up share capital of Biomedics.
- 3.2 Pursuant to an internal restructuring undertaken by SAM in December 2019, SAM transferred certain assets relating to its clinical laboratory business and operations (comprising principally laboratory equipment and fixtures, accreditation and certifications,) to Biomedics ("**Restructuring Transfer**"). Pursuant to the Restructuring Transfer, Biomedics took over the business and operations of the clinical laboratory which has been providing testing services since 2009. The testing services currently performed by Biomedics include esoteric tests, genetic tests and other cancer related diagnostic tests for precision oncology conducted in-house or in partnership with several third party institutions.
- 3.3 Based on the unaudited pro forma management accounts, Biomedics generated revenue of approximately S\$297,000 and a net loss of approximately S\$647,000 for the financial year ended 31 December 2019 ("**FY2019**"). Based on the unaudited management accounts, Biomedics had net tangible assets ("**NTA**") of S\$400,001 as at 31 December 2019.

4. CONSIDERATION

- 4.1 The aggregate consideration for the Sale Shares is S\$3,500,000 (the "**Consideration**"). Where the Deferred Consideration (as defined below) is paid after 12 months from the Completion Date (as defined below), the Consideration shall be S\$3,700,000 (the "**Maximum Consideration**").

The Consideration shall be satisfied in full by way of bank transfer of immediately available funds to an account designated by SAM as follows:

- (a) S\$100,000 shall be payable upon Completion ("**Initial Payment**"); and
- (b) the remaining amounts being the Consideration less the Initial Payment ("**Deferred Consideration**") shall be payable no later than 24 months from the date of Completion ("**Completion Date**"). For the avoidance of doubt, the Purchaser has the option to satisfy the Deferred Consideration at any time after Completion by providing not less than 10 days of written notice to SAM of such payment.

The Purchaser shall grant a charge in favour of SAM (or any entity within the Group) in respect of all the shares of the Biomedics ("**Share Charge**") as security for the payment of the Deferred Consideration, on such terms and conditions as may be reasonably satisfactory to the parties. In addition, the Purchaser undertakes that for the period from the Completion Date until the Deferred Consideration is paid in full, it shall take steps consistent with past practice to preserve and protect the assets of Biomedics as at the Completion Date ("**Completion Assets**") and shall not, other than in the ordinary and usual course of business, without the prior written consent of SAM:

- (a) remove any of the physical Completion Assets from any of its properties or otherwise dispose of any Completion Assets;
- (b) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, licence, sub-licence, transfer or otherwise dispose of any Completion Assets;
- (c) issue, allow to come into being, or grant any encumbrance over any of the Completion Assets; and/or
- (d) do any act or enter into any transaction or arrangement which may result in any material reduction of the total asset value of Biomedics as at the Completion Date.

4.2 The Consideration was based on arm's length negotiations and arrived at on a willing seller willing buyer basis, after taking into consideration, amongst others, the net assets value of Biomedics, the initial acquisition cost of Biomedics' current business (the "**Initial Acquisition**"), the expanded range of services, customer base and revenue growth of the clinical laboratory business since the Initial Acquisition, and the market value of the Sale Shares based on a valuation report issued by an independent valuer appointed by the Purchaser.

5. USE OF PROCEEDS AND GAIN ON THE PROPOSED DISPOSAL

5.1 Based on Biomedics' unaudited management accounts for FY2019 and the carrying amount of goodwill and identifiable assets attributable to Biomedics in the Group's unaudited consolidated financial statements for FY2019, the book value attributable to the Sale Shares is approximately S\$2,415,000. Assuming the Proposed Disposal had been completed on 31 December 2019 and Maximum Consideration, the Proposed Disposal would have resulted in gain on disposal of approximately S\$1,285,000.

5.2 The excess of the proceeds over the book value, assuming Maximum Consideration, is S\$1,285,000. Such proceeds will be used as the Company's general working capital to fund the operations of the Group's businesses.

6. CONDITIONS

6.1 Condition Precedent Under the SPA

Completion of the Proposed Disposal ("**Completion**") is conditional on the following matters being satisfied or waived in accordance with the SPA (the "**Conditions**"):

- (a) the completion of financial, legal, tax, operational and commercial due diligence exercise on Biomedics by the Purchaser, and the results of such due diligence exercises being satisfactory to the Purchaser in its sole and absolute discretion;

- (b) the Purchaser obtaining such approval(s) as may be required from its directors, shareholders and the SGX-ST in respect of the Proposed Disposal, the Services Agreement (as defined below), and the transactions contemplated under the SPA;
- (c) all relevant consents and approvals required under any and all applicable laws for the Proposed Disposal and the transactions contemplated under the SPA being obtained, including listing requirements and compliances required by the SGX-ST and where any consent or approval is subject to conditions, such conditions being satisfactory to the Purchaser in its sole and absolute discretion;
- (d) all third party consents (including consent for the change of control of Biomedics under any contract it has entered into), licenses, approvals, authorisations or waivers required for the Proposed Disposal and the transactions contemplated under the SPA including all waivers or consents as may be necessary to enable the Purchaser to be registered as the holder of all the Sale Shares, having been obtained, and where such consent or approval is subject to conditions, such conditions being satisfactory to the Purchaser in its sole and absolute discretion;
- (e) Biomedics having fully discharged all intra-group indebtedness and all loans to/from any shareholder of any entity of the Group, if any;
- (f) entry into a distributorship services agreement (the "**Distributorship Services Agreement**") with Clearbridge Medical Group Pte. Ltd. ("**CBM**"), a subsidiary of the Company, pursuant to which CBM will act as a non-exclusive distributor of Biomedics' laboratory testing services in Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Hong Kong, China and Australia for a period of three (3) years from the effective date of the Distributorship Services Agreement. The Distributorship Services Agreement is conditional upon the Purchaser obtaining approval from its shareholders for the adoption of a general mandate for certain recurrent interested person transactions and is intended to take effect upon Completion or the date such shareholders' approval is obtained, whichever is later;
- (g) entry into the Share Charge by the Purchaser in favour of SAM or an entity within the Group;
- (h) entry into a non-competition undertaking by the Company in favour of the Purchaser pursuant to which the Company undertakes, amongst others, that none of its group companies shall engage in the provision of certain laboratory testing products and services that are substantially similar to those offered by the Purchaser and its subsidiaries (including Biomedics);
- (i) Biomedics having entered into a hire purchase agreement with a financial institution in respect of the laboratory equipment purchased from NanoString Technologies, Inc. ("**Hire Purchase**");
- (j) all warranties under the SPA being complied with, and being true and correct in all respects and SAM having complied with and performed all of the terms, conditions and covenants of the SPA;
- (k) no litigation, action, suit or other proceedings being pending or threatened against SAM or Biomedics where an unfavourable judgment, decree or order would prevent or make unlawful the carrying out of the transactions contemplated under the SPA or which will substantially affect the financial position and performance of Biomedics; and
- (l) none of the following events having occurred at any time prior to or on Completion:
 - (i) liquidation, bankruptcy or insolvency of any of SAM or Biomedics;

- (ii) termination of substantially all or part of the business of Biomedics by resolution of the general meetings of its shareholders;
- (iii) appointment of any assignee, receiver or liquidator for substantially all or a material part of the assets or business of Biomedics; and
- (iv) attachment, sequestration, execution or seizure of substantially all or a material part of the assets of Biomedics.

Unless specifically waived by the Purchaser (to the extent capable of being waived), if any of the Conditions shall not be fulfilled on or before 31 May 2020 or such other date as SAM and Purchaser may mutually agree in writing (the "**Long Stop Date**"), either party may terminate the SPA by written notice to the other party, and upon the issuance of such notice, save for any terms of the SPA which are expressly stated to survive termination, all the provisions of the SPA shall immediately cease and determine and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by either party against the other party arising from any antecedent breach of the terms of the SPA.

6.2 **SAM Corporate Guarantee**

In connection with the Hire Purchase, SAM undertakes that it shall, at its own costs, provide any security, guarantee and/or indemnity that may be required by the relevant financial institution for Biomedics to obtain the Hire Purchase. SAM further undertakes that it shall not withdraw or revoke the SAM Corporate Guarantee and that such SAM Corporate Guarantee will continue in full force and effect for so long as the relevant financial institution may require for a period of not less than 60 days from the date of Completion.

The Purchaser undertakes that it shall use best efforts to request for the discharge of the SAM Corporate Guarantee as soon as practicable after Completion, whether by replacing the SAM Corporate Guarantee with a corporate guarantee provided by the Purchaser or any of its subsidiaries, repaying the Hire Purchase, or otherwise.

6.3 **Completion**

Subject to the fulfilment or waiver of the Conditions, Completion shall take place by the Long Stop Date.

7. **CHAPTER 10 OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST (THE "CATALIST RULES")**

The relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are set out in the table below.

The relative figures are computed based on:

- (i) the latest announced unaudited consolidated financial statements of the Group for FY2019, and;
- (ii) the management accounts of Biomedics for FY2019, taking into account (a) the pro forma financial performance relating to its esoteric tests, genetic tests and other cancer related diagnostic tests, and expenses incurred in the operations of the clinical laboratory; and (b) the financial position of Biomedics, which consists of the carrying value of the assets that were transferred pursuant to the Restructuring Transfer.

	Relative Figures for the Proposed Disposal
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value.	4.9% ⁽¹⁾
Rule 1006(b) The net loss attributable to the assets disposed of, compared with the Group's net loss.	5.7% ⁽²⁾
Rule 1006(c) The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	6.3% ⁽³⁾
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
Rule 1006(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.	Not applicable

Notes:

- (1) The Group's net asset value was approximately S\$49,474,000 as of 31 December 2019. The net asset value of Biomedics, including goodwill and carrying amount of identifiable assets attributable to Biomedics as of 31 December 2019 was approximately S\$2,415,000.
- (2) The Group's loss before tax was approximately S\$11,427,000 for FY2019. The pro forma loss before tax of Biomedics for FY2019 was approximately S\$647,000.
- (3) Computed based on the Maximum Consideration and the market capitalisation of the Company of approximately S\$58,912,000, which was determined by multiplying the issued share capital of the Company of 580,984,234 shares as at the date of this Announcement with the volume-weighted average price of such shares transacted on 26 March 2020 (being the date preceding the date of the SPA) of S\$0.1014 per share.

The Proposed Disposal involves the disposal of a loss-making asset. Pursuant to paragraph 4 of Practice Note 10A of the Catalist Rules (the "**Practice Note**"), as the absolute relative figure computed on the basis of Rule 1006(c) exceed 5% but does not exceed 50%, and the disposal does not result in a loss on disposal, the Company must immediately announce the information required pursuant to paragraph 4.4 of the Practice Note.

8. RATIONALE FOR THE PROPOSED DISPOSAL

The Directors believe the Proposed Disposal is advantageous to the Group for the following strategic and commercial reasons:

- (a) The Proposed Disposal is intended to streamline the Group's business to better utilise the resources which are currently employed in the management and operations of the Target's operations, in order to pursue its EBITDA focussed strategy;

- (b) Notwithstanding the Proposed Disposal, the Group will continue to have access to the services currently offered by Biomedics and other potential best-in-class technologies and workflows that Biomedics and/or the Purchaser may offer pursuant to the Distributorship Services Agreement. This will allow the Group to continue to execute its business strategy with better capital efficiency. The Proposed Disposal will enable the Group to better focus on the distribution of clinical diagnostic test by channelling resources to expanding its distribution capabilities across Asia. The Directors believe that this will in turn contribute positively to the financial performance of the Group; and
- (c) The Company continues to retain an indirect economic interest in Biomedics, and will be able to enhance strategic alignment with the Purchaser through its existing shareholding interests in the Purchaser.

9. FINANCIAL EFFECTS

The financial effects of the Proposed Disposal on the Group are set out below and are purely for illustrative purposes only and are not intended to reflect the actual future performance or financial position of the Group immediately after Completion. The pro forma financial effects of the Proposed Disposal on the Group's NTA and loss per share ("**LPS**") have been computed based on the following:

- (a) the Group's unaudited consolidated financial statements for the financial year ended 31 December 2019; and
- (b) Biomedics' management accounts for FY2019, taking into account (i) the pro forma financial performance relating to its esoteric tests, genetic tests and other cancer related diagnostic tests, and expenses incurred in the operations of the clinical laboratory; and (ii) the financial position of Biomedics, which consists of the carrying value of the assets that were transferred pursuant to the Restructuring Transfer.

- 9.2 NTA. The pro forma financial effect of the Proposed Disposal on the NTA per share of the Group as at 31 December 2019, assuming the Proposed Disposal had completed on 31 December 2019, is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to owners of the Company (S\$'000)	17,552	20,852
Number of shares in issue	580,984,234	580,984,234
NTA per share (Singapore cents)	3.02	3.59

- 9.3 LPS. The pro forma financial effect of the Proposed Disposal on the LPS of the Group for the financial year ended 31 December 2019, assuming the Proposed Disposal had completed on 1 January 2019, is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to owners of the Company (S\$'000)	(10,553)	(8,620)
Weighted average number of shares in issue	522,066,465	522,066,465
LPS (Singapore cents)	(2.02)	(1.65)

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Except for Yee Pinh Jeremy and Chen Johnson who are directors of both the Company and the Purchaser, none of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal other than through their respective shareholding interests in the Company (if any).

11. SERVICE CONTRACTS

No directors are proposed to be appointed to the Board in connection with the Proposed Disposal.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection at the registered address of the Company for a period of three (3) months from the date of this announcement.

13. DIRECTORS' 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 Disposal, 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.

14. FURTHER ANNOUNCEMENTS

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

15. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that completion of the Proposed Disposal is subject to fulfilment of various conditions as set out in the SPA. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Andrew John Lord
Lead Independent Director

27 March 2020

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 Catalist. 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 Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.