CLEARBRIDGE HEALTH LIMITED
(Company Registration No. 201001436C)

PROPOSED ACQUISITION OF SHARES IN PT TIRTA MEDIKA JAYA

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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 indirect wholly-owned subsidiary, Clearbridge Medical Asia Pte. Ltd. (the "**Purchaser**"), has today entered into a conditional sale and purchase agreement (the "**SPA**") with the following parties in relation to the proposed acquisition of 63,700 shares (the "**Sale Shares**") in PT Tirta Medika Jaya (the "**Target**") (the "**Proposed Acquisition**"):

(a) Ark Investments (SG) Pte. Ltd. ("**Ark**"); and

(b) PT Genesis Kapital Investama ("**PT Genesis**"), David Sahputra Hadiwibowo, Sam Pranoto, Alexander Winston, and Paulus Sulistiono (collectively, the "**Covenantors**").

1.2 PT Genesis owns the Sale Shares and has granted a power of attorney to Ark to execute the SPA on its behalf. Ark is entitled to procure the transfer of the Sale Shares to the Purchaser. The Sale Shares represent 49% of the issued share capital of the Target.

1.3 Upon completion of the Proposed Acquisition, 49% of the issued share capital of the Target will be held by the Purchaser. The remaining 51% of the Target will be held by the Covenantors.

1.5 In connection with the Proposed Acquisition:

(a) PT Genesis and the Purchaser will enter into an exchangeable bond subscription agreement (the "**EBSA**") pursuant to which the Purchaser will subscribe for an exchangeable bond (the "**Bond**") to be issued by PT Genesis to the Purchaser after completion of the Proposed Acquisition (the "**Subscription**" and together with the Proposed Acquisition, the "**Proposed Transactions**"). The Bond will be exchangeable at the option of the Purchaser into shares in the Target representing 6% of the total issued share capital of the Target (the "**Exchange Shares**"); and

(b) the Bond will be secured by way of a pledge over the Exchange Shares.

1.6 None of Ark or the Covenantors is related to the Directors or the controlling shareholders of the Company and their respective associates.

2. INFORMATION ON THE TARGET

2.1 The Target was incorporated in 2013 in Indonesia and is involved in the provision of renal care services by partnering with medical device equipment manufacturers and hospitals. Through joint operation agreements with hospitals, the Target operates renal dialysis facilities co-located with the partnering hospitals. As at the date of this announcement, the Target has a network comprising 15 facilities.

2.2 As of the date of announcement, the Target has an issued and paid-up share capital of IDR13,000,000,000 comprising 130,000 ordinary shares.

2.3 Based on the unaudited management accounts of the Target for the financial year ended 31 December 2017 ("**FY2017**"), the book value and net tangible assets ("**NTA**") of the Target amounted to approximately IDR16,949,000,000 (equivalent to approximately S$1,695,000[1]) and the net profit of the Target was approximately IDR3,303,000,000 (equivalent to approximately S$330,000). No independent valuation was conducted on the Target.

3. CONSIDERATION

3.1 The aggregate consideration for the Sale Shares is S$4,900,000 (the "**Consideration**"), which will be satisfied in the following manner:

(a) S$2,700,000 is payable to Ark in cash on completion of the Proposed Acquisition;

(b) S$1,090,000 will be satisfied by the allotment and issuance by the Company to Ark of 1,973,566 new ordinary shares in the capital of the Company (the "**Consideration Shares**"), each issued at S$0.5523 (the "**Issue Price**") and credited as fully-paid. The Issue Price is the volume-weighted average price of the Company's shares for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full market day on which the SPA is signed; and

(c) S$1,110,000 (the "**Deferred Cash Consideration**") is payable to Ark upon the Target achieving certain target earnings before interest expense, income taxes, depreciation and amortisation ("**EBITDA**").

3.2 Deferred Cash Consideration

(a) In respect of the Target's EBITDA for the period from 1 January 2018 to 31 December 2018 ("**FY2018 EBITDA**"), the Purchaser shall pay to Ark an additional cash amount ("**Tranche A Amount**") determined in the following manner:

(i) in the event that the FY2018 EBITDA is at least S$1,000,000, the Tranche A Amount is S$370,000; or

(ii) in the event that the FY2018 EBITDA is less than S$1,000,000, the Tranche A Amount is nil.

(b) In respect of the Target's cumulative EBITDA for the 2-year period from 1 January 2018 to 31 December 2019 ("**2-Years EBITDA**"), the Purchaser shall pay to Ark an additional cash amount ("**Tranche B Amount**") determined in the following manner:

(i) in the event that the 2-Years EBITDA is at least S$2,000,000, the Tranche B Amount is S$740,000 less the Tranche A Amount; or

(ii) in the event that the 2-Years EBITDA is less than S$2,000,000, the Tranche B Amount is nil.

(c) In respect of the Target's cumulative EBITDA for the 3-year period from 1 January 2018 to 31 December 2020 ("**3-Years EBITDA**"), the Purchaser shall pay to Ark an additional cash amount ("**Tranche C Amount**") determined in the following manner:

[1] All conversions of IDR to S$ in this announcement are based on an exchange rate of S$1:IDR10,000.

(i) in the event that the 3-Years EBITDA is at least S$3,000,000, the Tranche C Amount is S$1,110,000 less the sum of the Tranche A Amount and the Tranche B Amount; or

(ii) in the event that the 3-Years EBITDA is less than S$3,000,000, the Tranche C Amount is:

S$1,110,000 – (Tranche A Amount + Tranche B Amount + the Shortfall Amount)

where the Shortfall Amount is S$3,000,000 less the 3-Years EBITDA.

If the Tranche C Amount is a positive amount, the Purchaser shall pay to Ark the Tranche C Amount in cash.

If the Tranche C Amount is a negative amount, Ark shall pay to the Purchaser the absolute Tranche C Amount in cash.

(d) In the event the Target's FY2018 EBITDA is at least S$3,000,000, the Purchaser shall pay the entire Deferred Cash Consideration of S$1,110,000 in one lump sum after verifying the FY2018 EBITDA.

(e) In the event the Target's 2-Years EBITDA is at least S$3,000,000, the Purchaser shall pay the entire Deferred Cash Consideration of S$1,110,000 in one lump sum after verifying the 2-Years EBITDA.

(f) In the event that any of the EBITDA targets above is not met due to any *force majeure* event, the Purchaser and Ark shall negotiate amicably to establish a new performance indicator for the payment of the Deferred Cash Consideration.

3.3 Profit Guarantee

(a) The Deferred Cash Consideration will be payable in tranches, each of which is dependent upon the relevant EBITDA target being achieved by the Target in the relevant financial period. Having reviewed, *inter alia*, the terms and rationale of the Proposed Transactions and the financial effects thereof, the Board accepts the profit guarantee in paragraph 3.2 above (the "**Profit Guarantee**") after due and careful enquiry and is of the view that the Profit Guarantee is reasonable, appropriate and is in the interest of the Group. Other factors taken into consideration and basis for such view are as follows:

(i) the historical profitability of the Target's business for the financial year ended 31 December 2016 and FY2017;

(ii) the Target’s unaudited financial statements for FY2017; and

(iii) the intrinsic potential for the Target’s business to grow.

(b) As stated in paragraph 3.2(c)(ii) above, in the event that the Shortfall Amount exceeds the Deferred Cash Consideration, Ark shall compensate the Purchaser. This serves as a safeguard to ensure that the Group is not prejudiced even where the target 3-Years EBITDA is not met.

(c) The principal assumptions upon which the Profit Guarantee is based are as follows:

(i) there will be no material disruptions arising from industrial, political or legislative actions in Indonesia, being the country in which the Target operates, that will affect the operations and profitability of the Target;

(ii) there will be no significant changes in the structure of the Target and its principal source of revenue;

(iii) there will no material loss of major suppliers or strategic partners which are essential for the operations of the Target;

(iv) there will be no material changes in the key employees of the Target;

(v) there will be no material changes in the inflation rates and exchange rate during the 3-Years EBITDA period; and

(vi) there will be no change in applicable accounting standards or other financial reporting requirements that would have a material effect on the accounting policies adopted in preparation of the financial statements of the Target.

3.4 The issue price for the Bond is S$600,000 (the "**Bond Issue Price**") and is payable by the Purchaser to PT Genesis upon issuance of the Bond.

3.5 The Consideration and the Bond Issue Price were determined based on arms' length negotiations and arrived at on a willing-buyer and willing-seller basis. The Consideration and the Bond Issue Price take into account, among other things, the book value and NTA of the Target, and that the Target was profitable for the past two (2) years.

3.6 The Consideration Shares will be issued pursuant to the Company's general share issue mandate obtained on 20 November 2017. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the then existing shares in the capital of the Company. The Company will be making an application through its sponsor to the SGX-ST for the listing of, and quotation for, the Consideration Shares on the Catalist Board of the SGX-ST and will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

3.7 The Proposed Transactions will be funded by the issuance of the Consideration Shares, the proceeds from the Company's initial public offering and/or bank borrowings.

4. CONDITIONS

Completion of the Proposed Acquisition is conditional upon, among other things:

(a) the results of a due diligence exercise over the business, affairs, operations, assets, financial condition, prospects and records of the Target being satisfactory to the Purchaser in its absolute discretion;

(b) certain key employees continuing to be employed and involved in the business of the Target after for a period of at least 36 months from the date of completion of the Proposed Acquisition;

(c) all consents and approvals required under any applicable laws for the transfer of the Sale Shares 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; and

(d) the Target having fully discharged its bank or shareholders' loans (if any).

5. MORATORIUM

Under the terms of the SPA, Ark has undertaken to the Purchaser that:

(a) it will not sell, or otherwise dispose of, any of the Consideration Shares for a period of six (6) months from the date of completion of the Proposed Acquisition (the "**First Moratorium Period**"); and

(b) it will not sell, or otherwise dispose of, more than 50% the Consideration Shares for a period of six (6) months after the First Moratorium Period.

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

Based on the latest announced unaudited consolidated financial statements of the Group for FY2017 and the management accounts of the Target for FY2017, the relative figures of the Proposed Transactions computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

	Relative Figures for the Proposed Transactions
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Rule 1006(b) The net profits attributable to the assets acquired, compared with the Group's net profits	-1.7%[(1)]
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	2.0%[(2)]
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	0.4%
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 loss before tax was approximately S$10.91 million for FY2017. The profit before tax of the Target was approximately IDR3.30 billion (equivalent to S$0.33 million) for FY2017.

(2) Computed based on the Consideration of S$4,900,000, the Bond Issue Price of S$600,000 and the market capitalisation of the Company of approximately S$274.36 million, which is determined by multiplying the issued share capital of the Company of 481,000,000 shares with the volume-weighted average price of such shares transacted on 27 February 2018 (being the date preceding the date of the SPA) of S$0.5704 per share.

7. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Directors believe the Proposed Transactions are advantageous to the Group for the following strategic and commercial reasons:

(a) the Proposed Transactions are in line with the Group's growth plans to expand its medical clinics and medical centres business. The Proposed Transactions are expected to provide the Group with a platform to expand its business in Indonesia; and

(b) the Directors expect the Proposed Transactions to result in revenue synergies as the Group will be able to leverage on the Target's existing network of hospital partners to deliver the Group's precision medicine products and/or services in Indonesia.

8. FINANCIAL EFFECTS

The financial effects of the Proposed Transactions on the Company are set out below and are purely for illustrative purposes. The pro forma financial effects of the Proposed Transactions on the Group's NTA and loss per share ("**LPS**") have been computed based on (a) the Group's unaudited consolidated financial statements for FY2017; and (b) the Target's unaudited management accounts for FY2017.

8.1 NTA. The pro forma financial effect of the Proposed Transactions on the NTA per share of the Group as at 31 December 2017, assuming the Proposed Transactions had completed on 31 December 2017, is as follows:

	Before the Proposed Transactions	**After the Proposed Transactions**
NTA attributable to owners of the Company (S$'000)	49,831	47,463
Number of shares in issue	481,000,000	482,973,566
NTA per share (Singapore cents)	10.36	9.83

8.2 LPS. The pro forma financial effect of the Proposed Transactions on the LPS of the Group as for the financial year ended 31 December 2017, assuming the Proposed Transactions had completed on 1 January 2017, is as follows:

	Before the Proposed Transactions	**After the Proposed Transactions**
Loss attributable to owners of the Company (S$'000)	7,470	7,288
Number of shares in issue	481,000,000	482,973,566
LPS (Singapore cents)	1.55	1.51

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Transactions other than through their respective shareholding interests in the Company (if any).

10. SERVICE CONTRACTS

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

11. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the SPA and the EBSA are available for inspection at the registered address of the Company for a period of three (3) months from the date of this announcement.

12. 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 Transactions, 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.

13. 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 Transactions.

14. 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 Transactions 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

Yee Pinh Jeremy
Chief Executive Officer and Executive Director

28 February 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**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 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. 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.*