CLEARBRIDGE HEALTH LIMITED
(Company Registration No.: 201001436C)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES BY SGX REGCO

ON THE COMPANY'S ANNOUNCEMENT ON 7 OCTOBER 2022

The board of directors (the "**Board**") of Clearbridge Health Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries by SGX RegCo on the Company's announcement released on SGXNet on 7 October 2022 (the "**Announcement**").

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Announcement.

We refer to the announcement by Clearbridge Health Limited ("Clearbridge", together with its subsidiaries, "Clearbridge Group") on 7 October 2022 with regards to the disposal of Clearbridge Medical Asia Pte Ltd ("CBMA") ("CBMA Disposal") and SAM Laboratory Pte Ltd ("SAM Labs") ("SAM Labs Disposal").

Collectively, the "Disposals".

Please provide clarifications for the following:

1) CBH announced that the sale and purchase agreements ("SPAs") were entered into and the Disposal was completed on the same day (7 October 2022).
   (a) How was CBH introduced to the purchaser, Lunadorii Inc ("Lunadorii" or the "Purchaser")?

Company's response: The Purchaser's controlling shareholders and directors (save for Dina Kumara Dinata who, as far as the Directors are aware, is a management staff of the Purchaser) were then and are business contacts of CBH's management. In particular, to the best of the Board's knowledge, Johan James Luhur, Wong Chi Wai Roy and Turodrique Fuad are also shareholders of CBH, holding less than 0.02%, less than 2.0% and less than 0.1% in CBH respectively. Subsequently, the Purchaser became a customer of the CBH Group in 2020, purchasing COVID-19 test kits and other healthcare and wellness products from the CBH Group to distribute in Indonesia.

In addition, CBH's independent director, Mark Ryan, has an interest of 1.2% in the Purchaser. Please refer to paragraph 9 of the Announcement for such disclosure.

   (b) Who are the shareholders and directors of Lunadorii?

Company's response: Based on information provided by the Purchaser:

   (i) Lunadorii's directors are Johan James Luhur, Dina Kumara Dinata and Wong Chi Wai Roy (Huang Zhiwei).
   (ii) Its controlling shareholders are Johan James Luhur (37.0%), Wong Chi Wai Roy (17.2%) and Turodrique Fuad (10.2%). The remaining shares are held by 25 other shareholders including Mark Ryan, who are passive investors in Lunadorii and hold less than 5.0% each in Lunadorii.

   (c) What due diligence has Clearbridge performed on Lunadorii?

Company's response: Prior to undertaking the Disposal, CBH had reviewed Lunadorii's constitutive documents, historical financial reports and accounts, its future plans and projections presented to CBH by representatives of Lunadorii and had also assessed the potential synergies between CBMA and SAM Labs and Lunadorii. In addition, the CBH Group had considered the course of dealings between the CBH Group and Lunadorii since 2020 and noted that there has been no material areas of concern with respect to Lunadorii's business conduct as a customer of the CBH Group.

Lunadorii as the Purchaser under the SPAs had also provided customary representations and warranties to CBH and RDH respectively, which substantially corresponded with the representations and warranties provided by the CBH Group on each of CBMA and SAM Labs. These included warranties in relation to the accounting and records of the Purchaser group of companies, financing, contractual matters, assets and regulatory matters.

CBH also notes the undertakings provided by Lunadorii in favour of the Bondholder for as long as the Bond remains outstanding, details of which are set out in the section entitled "Issuer Undertakings" under paragraph 5.1 of the Announcement.

2) CBH announced that it had undertaken an internal restructuring exercise on 6 October 2022 (one day prior to entering into the SPAs for the CBMA Disposal and SAM Labs Disposal), pursuant to which (i) CBMA capitalized S$8.154m of loans owing to CBH's wholly owned subsidiary, Renum Distribution Holdings Pte Ltd ("RDH") via issuance of CBMA shares to RDH, and (ii) SAM Labs capitalized S$8.765m of loans owing to CBH via issuance of SAM Labs shares to CBH ("Debt Capitalisation").

   (a) Please explain what had triggered the internal restructuring exercise.

Company's response: As set out in the Announcement, the loans that were capitalized were substantially in relation to loans extended to CBMA and SAM Labs by the CBH Group to finance the acquisition of TMJ and IGM Labs respectively in 2018, 2019 and 2020. In particular, S$8.451 million of debts capitalized by SAM Labs was used to finance the acquisition of IGM Labs. S$4.16 million of the debts capitalized by CBMA was used to finance the acquisition of TMJ. These amounts were extended as intragroup loan transactions initially in order to facilitate the capital requirements for the acquisition of these subsidiaries by the respective intermediate holding companies within the CBH Group. These loans, which were made in place of outright equity injections of capital, were always intended to be capitalised to accurately reflect the financial position of the CBMA and SAM Labs group of companies and to reflect the actual nature of the equity investments in TMJ and IGM Labs. For the avoidance of doubt, the Debt Capitalisation is independent of the Disposal and was not part of the negotiations between the CBH Group and the Purchaser. It is also not a condition precedent or term of the SPAs for the Disposal.

The remaining amounts of debt capitalized by SAM Labs (being S$314,000) was extended by the CBH Group to finance capital expenditure and operating expenses incurred by Biomedics Laboratory Pte. Ltd.. Biomedics Laboratory Pte. Ltd. was subsequently sold to Biolidics Limited in 2020. Please refer to the announcement by the Company on 27 March 2020 and 26 May 2020 on such disposal of Biomedics Laboratory Pte. Ltd. This debt was intended to be capitalised upon completion of such disposal as it now relates to an entity no longer within the CBH Group and the consideration for such disposal had been taken into account such costs incurred by the CBH Group.

The remaining amounts of debt capitalized by CBMA (being S$3.99 million) relates to the acquisition by CBMA of Clearbridge Medica Sdn Bhd, Clearbridge Health (Philippines) Inc, Clearbridge Medical (Philippines) Inc, Medic Laser Private Limited and Medic Surgical Private Limited. The amount of S$3.99 million relates to the net amounts extended by the CBH Group to CBMA for the acquisition costs of such entities (in a manner similar to the financing of the acquisition of TMJ).

Subsequently, pursuant to an internal restructuring exercise undertaken by the CBH Group in 2019 and 2020 ("Internal Restructuring"), the CBH Group streamlined its group structure to align with its business segmental reporting for, amongst others, ease of financial reporting. Pursuant to the Internal Restructuring, these companies were transferred from CBMA to other intermediate holding companies within the CBH Group under the medical centres and clinics segment. The debt owing of S$3.99 million was intended to be novated by CBMA to the transferee companies as part of the Internal Restructuring. However, in 2021, CBMA was transferred from SAM Labs to RDH and RDH assumed the debt owing by CBMA to other entities within the CBH Group as part of this transfer.

Accordingly, the Debt Capitalisation of S$314,000 and S$3.99 million are also independent of the Disposal and is intended to reflect the actual nature of the equity investments in the group companies within the CBH Group.

For the avoidance of doubt, amounts owing by CBMA and SAM Labs group of companies to the CBH Group

of S$11,707,000 in aggregate as at 30 September 2022 for expenses incurred after the acquisition of TMJ and IGM Labs in the operation of the CBMA and SAM Labs group of companies and the accrued interest relating to shareholder loans made to TMJ and IGM Labs, remain outstanding and owing to the CBH Group. These are the Outstanding Loans referred to in the Announcement that have to be repaid in full prior to the redemption of the Bond pursuant to the exercise of the Issuer Redemption Right.

(b) What were the Board's considerations in agreeing to the Debt Capitalisation.

Company's response: As set out in the response to 2(a) above, the Debt Capitalisation is part of rationalizing the financial position of the CBMA and SAM Labs group of companies as well as the Internal Restructuring. While the Debt Capitalisation was eventually only actually effected one (1) day prior to the Disposal, the considerations of the Board in approving the Debt Capitalisation were undertaken much earlier even prior to the commencement of negotiations for the Disposal, and is independent of the Disposal.

(c) The Debt Capitalisation was undertaken one day prior to entering into the SPAs for the Disposal. Moreover, CBMA and SAM Labs were already wholly owned subsidiaries of Clearbridge prior to the Debt Capitalisation.

- Please explain how the conversion for such Debt Capitalisation was arrived at, and what is the impact on CBH and RDH, considering that CBMA and SAM Labs were disposed a day after the Debt Capitalisation.

Company's response: The Debt Capitalisation will result in the loans receivable from CBMA and SAM Labs being extinguished by a dollar-for-dollar increase in the cost of investments in CBMA and SAM Labs on RDH's and CBH's statement of financial position respectively, but will have no impact on RDH's and CBH's net asset value. The Debt Capitalisation has no impact on RDH's and CBH's statement of comprehensive income. On a consolidated basis, the Debt Capitalisation has no impact on the CBH Group's consolidated statements of financial position and consolidated statement of comprehensive income as the inter-company transactions would be eliminated upon consolidation.

- In light of the above developments, why did the Board consider the Debt Capitalisation to be in the best interest of Clearbridge and its shareholders?

Company's response: As set out in the response to 2 above, the Debt Capitalisation was taken to rationalize the financial position of the CBMA and SAM Labs group of entities to reflect the actual nature of the equity investments in TMJ and IGM Labs, as well as the other entities that were transferred from CBMA as part of the Internal Restructuring. As such, such Debt Capitalisation has no impact on the CBH Group's consolidated financial statements and is accordingly not prejudicial to the CBH Group and its shareholders.

3) Please provide the key financial information (including revenue, net asset, net profits) of CBMA and SAM Labs separately. Are CBMA and SAM Labs key operating subsidiaries of CBH? Please provide supporting bases to justify.

Company's response:

(S$'000)	**CBMA**	**% of CBH Group**	**SAM Labs**	**% of CBH Group**	**CBH Group**
FY2021 revenue	4,576	13.4	18,159	53.2	34,123
FY2021 net loss before tax [(1)]	(1,009)	5.1	(3,523)	17.6	(19,970) [(2)]
Net asset value as at 31 December 2021 [(1)]	4,732	9.1	4,484	8.6	52,210
1H2022 revenue	2,356	11.8	8,572	42.8	20,032
1H2022 net profits/(loss) before tax [(1)]	135	(1.6)	55	(0.7)	(8,346) [(2)]
Net asset value as at 30 June 2022 [(1)]	4,703	10.7	4,316	9.8	43,902

Note:

(1) Net profits/loss before tax or net asset value, as the case may be, attributable to the Sale Shares as adjusted for the Debt Capitalisation as applicable.
(2) The net loss before tax in FY2021 and 1H2022 of the CBH Group was partially attributed to fair value loss on an associate of S$6.62 million and S$7.10 million in FY2021 and 1H2022 respectively, and fair value loss on derivative financial instruments of S$3.50 million and S$52,000 in FY2021 and 1H2022 respectively. Please refer to the "Review of the Group's performance" sections in FY2021 results announcement on 28 February 2022 and 1H2022 results announcement on 14 August 2022 for further details.

While CBMA and SAM Labs in aggregate accounted for 66.6% and 54.6% of the CBH Group's revenue in FY2021 and 1H2022, they contributed 5.1% and 17.6% to the CBH Group's net loss before tax on an absolute basis in FY2021 respectively. CBMA and SAM Labs recorded S$135,000 and S$55,000 in net profits before tax in 1H2022, which is 16.4% and 6.7% of the net profits before tax of the CBH Group's profitable segments respectively, with the medical centres and clinics segment recording net profits before tax in 1H2022 of S$634,000, making up the remaining 76.9%. In addition, CBMA and SAM Labs make up 10.7% and 9.8% of the CBH Group's net asset value as at 30 June 2022. CBH Group will accordingly retain 79.5% of its net asset value after the Disposal as at 30 June 2022 on a pro forma basis after the Disposal. Accordingly, the Board does not consider CBMA and SAM Labs to be substantial key operating subsidiaries of the CBH Group.

4) It was disclosed that the revenue contributed by CBMA and SAM Labs for the half year ended 30 June 2022 ("1HFY22") was S$10.9m, representing 54% of CBH Group's revenue. In addition, CBMA and SAM Labs are the profit generator of CBH Group (which is loss-making).
(a) What are CBH Group's businesses following the Disposal?

Company's response: Prior to the Disposal, the CBH Group had four (4) business segments being (a) medical centres and clinics; (b) healthcare systems; (c) strategic medical technology investments; and (d) investments within the healthcare sector. After the Disposal which effectively relates to the healthcare systems business segment, the CBH Group's business in the three (3) business segments remains, and in particular, the business in medical centres and clinics. In particular, the medical centres and clinics segment of the CBH Group contributed S$11,388,000 of revenue or 33.4% to the CBH Group in FY2021 and S$9,104,000 of revenue or 45.4% to the CBH Group in 1H2022. It also contributed S$2,757,000 of net loss before tax to the CBH Group in FY2021 and S$634,000 of net profit before tax to the CBH Group in 1H2022.

(b) What is the Board's assessment on whether the Disposal of CBMA and SAM Labs would change the risk profile of CBH Group?

Company's response: The Board is of the view that the Disposal does not materially change the risk profile of the CBH Group. In addition, given the Bonds held by the CBH Group and the potential shareholding in the Purchaser, CBMA and/or SAM Labs by way of the Conversion or the exercise of the Exchange Right pursuant to the Bonds, the risk profile of the CBH Group should remain substantially unchanged.

In particular, the Disposal may reduce the risks the CBH Group is facing as a result of the legal proceedings that TMJ had been engaged in in Indonesia since 2020. These legal proceedings have taken up considerable time and resources of the management team and the CBH Group. The disposal of TMJ will allow the management team to focus their efforts on the remaining businesses and operations of the CBH Group with better return profiles.

5) Has the CBH Group impaired or wrote down its investment in CBMA and SAM Labs previously? If so, please provide details.

Company's response: No.

6) Please provide breakdown of the gain on disposal of S$1.981m for each of CBMA and SAM Labs.

Company's response: The gain on disposal of S$1,981,000 is computed on a net basis by summing the loss on disposal of CBMA of S$2,333,000 (consideration of S$2,370,000 less net asset value attributable to the Sales Shares as adjusted for the Debt Capitalisation as at 30 June 2022 of S$4,703,000) and the gain on disposal of SAM Labs of S$4,314,000 (consideration of S$8,630,000 less net asset value attributable to the

Sales Shares as adjusted for the Debt Capitalisation as at 30 June 2022 of S$4,316,000). For clarity, the disposal of CBMA and SAM Labs was negotiated between the parties as a single transaction, with both SPAs being interconditional upon the completion of each other. Accordingly, the Consideration for the Disposal as well as any gain or loss on disposal of either of CBMA or SAM Labs has to be be taken collectively and not in isolation.

7) The disposal consideration is S$11m ("Disposal Consideration") in total (breakdown: S$2.37m for CBMA and S$8.63m for SAM Labs).
   (a) Please explain how the Disposal Consideration was arrived at and if any valuation was conducted? If so, please provide details. If not, why not.

Company's response: As the Disposal is not a major transaction and not an interested person transaction, no valuation is required to be undertaken and the CBH Group did not conduct a valuation. As set out in paragraph 4.3 of the Announcement, the Consideration was arrived at based on several factors and after negotiations between the parties. The factors considered by the Board have been set out in paragraph 4.3 of the Announcement and include both quantitative matters such as the net asset value attributable to the Sale Shares as at 30 June 2022 and CBH's gain on Disposal of approximately S$1.98 million, as well as qualitative factors including the potential synergies that the Purchaser's operations may present in the growth of TMJ and IGM Labs' businesses, as well as the flexibility the CBH Group has to potentially participate in the growth of any or all of these entities.

   (b) How much has CBH invested (including loans extended) in CBMA and SAM Labs to-date respectively?

Company's response: The cost of investments in CBMA and SAM Labs before the Debt Capitalisation, were S$3,000,000 and S$2,120,000, respectively. Loans of S$8,154,000 and S$8,765,000, which have been capitalised pursuant to the Debt Capitalisation, were provided by the CBH Group to CBMA and SAM Labs respectively, to pay for the considerations for acquisitions by the CBH Group which included TMJ and IGM Labs. As set out in the response above, S$3.99 million of such Debt Capitalisation relates to the acquisition of subsidiaries which still remain in the CBH Group but are no longer subsidiaries of CBMA as they were transferred from CBMA to other intermediate holdings companies within the CBH Group pursuant to the Internal Restructuring. Outstanding Loans of S$2,664,000 and S$9,043,000 were provided by CBH to CBMA and SAM Labs group of companies respectively for expenses incurred after the acquisition of TMJ and IGM Labs in the operation of the CBMA and SAM Labs group of companies and the accrued interest pertaining to shareholder loans to TMJ and IGM Labs. However, such Outstanding Loans remain payable by CBMA and SAM Labs following the completion of the Disposal.

   (c) In view of the Debt Capitalisation, where S$16.9m loans extended by the CBH Group to CBMA and SAM Labs were capitalized, please explain how the Disposal and Disposal Consideration (of S$11m) are in the best interest of CBH and its shareholders.

Company's response: As set out above, the Debt Capitalisation was not undertaken with the view of or in connection with the Disposal. The Debt Capitalisation was undertaken in order to reflect the actual nature of the equity investments in, amongst others, TMJ and IGM Labs, where such monies could otherwise have initially been advanced by the CBH Group to each of CBMA and/or SAM Labs by way of an equity capital injection. Such Debt Capitalisation would have been undertaken regardless of whether the Disposal occurred. Please also refer to the response above on the rationale and background for the full amount of the Debt Capitalisation.

In addition, the factors considered by the Board in negotiating the Consideration is also set out in the response above as well as in the Announcement. Please also refer to paragraph 6 of the Announcement for the rationale the Board considered in undertaking the Disposal and the Board's view on why the Disposal is in the interests of CBH and its shareholders, in particular, that it allows the CBH Group to realise its investments in TMJ and IGM Labs, recognize a gain on Disposal, provide the CBH Group with flexibility on how it can elect to treat the Purchaser, TMJ and/or IGM Labs in the future depending on the growth and performance of these entities. In addition, as set out in the Announcement, TMJ has been engaged in legal proceedings in Indonesia since 2020 which has taken up considerable time and resources of the management team and the CBH Group. The disposal of TMJ will allow the management team to focus their efforts on the remaining businesses and operations of the CBH Group with better return profiles.

8) The Disposal Consideration of S$11m is to be satisfied via issuance of Bonds by the Purchaser. Assuming full conversion of the Bonds, the CBH Group would hold 74.4% in the Purchaser (Lunadorii). The Bonds will mature over 3 years and bear interest at a pre-determined rate only if Lunadorii declares dividends when the Bonds remain outstanding.
   (a) Please detail the Board's considerations on why the above arrangement in relation to the Disposal Consideration is in the best interest of CBH and its shareholders.

Company's response: The terms of the Bonds are in the best interests of CBH and its shareholders as it allows the alignment of interests between the CBH Group and the shareholders of Lunadorii, by allowing CBH Group to participate in the profits of Lunadorii in the event it declares dividends to its shareholders, akin to a shareholder in the form of interest payable at the same time. In addition, given that Lundaroii is a company in its earlier stages with larger potential for growth, the Board is of the view that the terms of the Bond which allow the flexibility of converting the Bonds into shares of Lunadorii by way of the Conversion will enable the CBH Group to participate in any potential growth and equity upside of the Lunadorii group. At the same time, it also affords the CBH Group greater protection and limiting its risks to any potential unfavourable performance of Lunadorii by remaining as a creditor (a Bondholder) rather than a shareholder of Lunadorii while it undertakes its expansion plans. The terms of the Bonds also provides the CBH Group the possibility of being repaid in cash in the future under the terms of Redemption of the Bonds . The CBH Group also has the additional flexibility of converting the Bonds into the shares of specific entities by way of the exercise of the Exchange Right depending on the performance of such entities in the future. Please also refer to Paragraphs 5 and 6 of the Announcement for more details.

   (b) Given that the CBH Group may potentially become a controlling shareholder of Lunadorii, please provide details on plans of Lunadorii.

Company's response: CBH understands from Lunadorii that it intends to grow organically by increasing the number of customers and expanding its product portfolio, upgrading its supply chain system and adopting tailored marketing strategies to fit the locale of the customers based on their purchasing profiles and trends. In addition, Lunadorii hopes to potentially achieve synergies within the Lunadorii group with the acquisition of CBMA and SAM Labs, including revenue synergies through better product selection and customer capture, e.g. direct sales of products to patients that IGM Labs and TMJ serve, as well as refine its product selection and offerings through direct feedback from those patients. Lunadorii also expects to achieve other additional cost synergies relating to regulatory, finance and logistic costs that could be potentially realized as the businesses scale up.

Shareholders and potential investors of CBH should note that the above information is based on CBH's understanding of Lunadorii's current plans pursuant to the completion of the Disposal and there is no assurance or certainty that any of such plans or intended outcomes will materialise, or that no changes will be made to such plans or intended outcomes subsequently.

   (c) After 12 months from the issuance of the Bonds, the CBH Group has the right to exchange the Bonds for shares in either CBMA or SAM Labs (or any of their subsidiary).
      - Should this happen, what would be the conversion rate?
      - Assuming full conversion, what would be CBH Group's shareholdings in CBMA and SAM Labs?
      - What is the rationale for the Disposal of CBMA and SAM Labs, only to exchange the Disposal Consideration for shares in the same entities disposed of?

Company's response: Assuming full conversion, the Bond will exchange into 100.0% of the total issued and paid up capital of the Exchange Vehicle (being any of CBMA, SAM Labs or its respective subsidiary). As set out in the Announcement, in the event the Bondholder exercises its right to exchange the Bond in part (and not in whole) only, the number and percentage of Exchange Shares transferred to the Bondholder shall be such interest in the Exchange Vehicle proportionate to the amount of the Bond being exchanged as against the total principal amount of the Bond.

Please refer to the Announcement and the responses above for the rationale for the Disposal of CBMA and SAM Labs as well as the Consideration to be satisfied by the issue of the Bonds.

BY ORDER OF THE BOARD

Yee Pinh Jeremy
Chief Executive Officer and Executive Director

17 October 2022

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*This announcement has been prepared by CBH and has been reviewed by CBH's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Catalist Rules. 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.*