

CLEARBRIDGE HEALTH LIMITED
(Company Registration No. 201001436C)

PROPOSED ACQUISITION OF SHARES IN PT INDO GENESIS MEDIKA

*Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcements dated 23 August 2018, 13 November 2018 and 3 April 2019 (the "**Announcements**") in relation to the Proposed Acquisition.*

Further to the Announcements, the Board of Clearbridge Health Limited (the "**Company**") wishes to provide the following additional information in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

Question 1

SGX-ST's query: Given that the Target is newly incorporated and the JO Contracts are transferred from PT Indofarma Global Medika, what other assets / contracts does the Target itself hold? What is the background of KPN?

Company's Response: As disclosed in paragraph 2.1 of the Company's announcement dated 3 April 2019 ("**3 April Announcement**"), the Target currently manages a laboratory under an existing joint operation contract. In this connection, the Target's other assets include cash, receivables, inventories, fixed assets and intangible assets. As disclosed in paragraph 2.3 of the 3 April Announcement, based on the unaudited management accounts of the Target for the financial year ended 31 December 2018, the book value of the Target amounted to approximately IDR59.3 million (approximately S\$5.6 million) and the NTA of the Target amounted to IDR14.8 million (approximately S\$1.4 million).

KPN is an investment holding company, incorporated in Indonesia. The shareholders of KPN are individuals who are not related to the Directors or controlling shareholders of the Company and their respective associates.

Question 2

SGX-ST's query: What are the annual coupon rates / interest rates of the EB and REB, and the tenure of the bond?

Company's Response: Both the EB and the REB are perpetual bonds which do not bear any coupon rates / interest rates but are entitled to receive the distributions that are made in respect of the shares in the Target which the EB and the REB are exchangeable into. The EB is exchangeable into shares in the Target held by KPN representing 20.6% of the issued share capital of the Target. The REB is exchangeable into shares in the Target held by KPN representing 20.0% of the issued share capital of the Target. As such, through its holdings of the EB and the REB, the Company will be entitled to approximately 40.6% of any distributions made by the Target.

Question 3

SGX-ST's query: Are there costs involved in transferring the JO Contracts to the Target? How will the successful novation of the JO Contracts affect the NTA, NBV of the Target?

Company's Response: There are no significant costs involved in transferring the JO Contracts to the Target. The novation of the JO Contracts is not expected to have an immediate impact on the NTA or the NBV of the Target as these are operational contracts. Subsequent to the completion of the

Proposed Acquisition, the NTA and the NBV of the Target will increase if the Target is profitable or decrease if the Target is unprofitable.

Question 4

SGX-ST's query: Without a valuation being conducted, what are the Board's and Management's basis in arriving at the respective Consideration and Bond Issue Prices, given the relatively low NTA and NBV of the Target? Are there cashflow forecasts performed for the Target? Please be reminded that Practice Note 10A(17) of the Catalist Rules states that substantive factors should be disclosed to justify the aggregate value of the consideration, and statement that the consideration was on a 'willing buyer willing seller' basis is not sufficient.

Company's Response: In arriving at the Consideration and the Bond Issue Prices, the Board and the management took into account, *inter alia*, the historical revenue, EBITDA and net profit after tax of the 12 JO Contracts for the financial year ended 31 December 2017 of approximately S\$14.7 million, S\$3.8 million and S\$1.3 million respectively. No cashflow forecasts were requested to be provided by the Target as the management believes that such cashflow projections may be highly subjective. Therefore, the management relied mainly on the financial due diligence conducted on the historical financial statements of the Target and the JO Contracts as well as their market research and knowledge about the laboratory testing services market in their negotiation of the terms of the Proposed Transactions.

As set out in paragraph 3.4 of the 3 April Announcement, the Consideration and the Bond Issue Prices were arrived at based on a willing buyer willing seller, arms-length negotiations, taking into account, among other things, the book value and the NTA of the Target.

Question 5

SGX-ST's query: How did the Company derive the value of IDR64.0 billion referred to in Condition (b) where the completion of the Proposed Acquisition is conditional upon the completion of the novation of certain JO Contracts to the Target which amount to or exceed an aggregate of IDR64.0 billion?

Company's Response: SAM, KPN and the Target had ascribed a value to each of the 12 JO Contracts which have an aggregate value of IDR110 billion. The value ascribed to each JO Contract was based on their respective historical financial performance and certain qualitative factors such as the brand value of the partnering hospital. As it is not possible for all the JO Contracts to be novated to the Target at the same time, the parties have mutually agreed to complete the Proposed Acquisition as soon as such number of JO Contracts with aggregate ascribed value of at least IDR64 billion have been novated to the Target.

As set out in the 3 April Announcement, the Consideration of approximately S\$5.1 million shall be satisfied in three tranches, namely (i) when such number of JO Contracts with aggregate ascribed value of at least IDR64 billion have been novated to the Target and other conditions are satisfied, (ii) when 11 of the 12 JO Contracts have been validly and legally novated to the Target, and (iii) when the last of the JO Contract has been validly and legally novated to the Target.

BY ORDER OF THE BOARD

Yee Pinh Jeremy
Chief Executive Officer and Executive Director

8 April 2019

*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.*