

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

**RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM SHAREHOLDERS
AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS")
PRIOR TO THE COMPANY'S ANNUAL GENERAL MEETING ("AGM")**

The board of directors (the "**Board**" or "**Directors**") of Clearbridge Health Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), refers to the Notice of Annual General Meeting ("**Notice of AGM**") released on 12 June 2023 relating to the Company's AGM to be held by way of electronic means on 28 June 2023 at 10.00 a.m..

As stated in the Notice of AGM, the Company will endeavour to address all substantial and relevant questions received from the shareholders of the Company (the "**Shareholders**") and investors by no later than 5.00 p.m. on 20 June 2023 via the Company's website and SGXNet, at least 48 hours prior to the registration cut-off date for the lodgement of the proxy forms, i.e. by 22 June 2023. Where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions may be individually addressed. Any relevant and substantial questions received after 20 June 2023 shall be addressed during the AGM.

The Company has received various questions from our Shareholders and we would like to thank Shareholders for the questions and for submitting them by the submission deadline.

Separately, the Board has on 19 June 2023 received questions from SIAS in relation to the Company's annual report for the financial year ended 31 December ("**FY**") 2022 ("**FY2022 Annual Report**").

The Company's responses to questions from the Shareholders and SIAS are set out below. Where appropriate, editorial amendments have been made to the questions to ensure that the meaning of each question is clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions.

Questions from Shareholders

1. On page 3 of the FY2022 Annual Report, the Company outlined its value creation process (introduced 4 years ago).
 - (a) How could the value creation process be adapted to better suit today's market conditions? "Unlocking Value": how will management "capitalise on the valuation multiple differential between public and private markets in the healthcare industry," given the derating in the Company's share price (90% decline in share price since the initial public offering) and its shrinking cash balance (down to S\$6 million as at 31 December 2022)?

***Company's response:** Against the backdrop of a volatile macro-economic environment, due to the global transition out of the COVID-19 pandemic, high inflation and the resulting volatility in publicly traded equity prices, high interest rates and its impact on cost of capital and the war*

in Ukraine, the Company will continue to be vigilant and agile in adapting its value creation process to constant changes and uncertainty, and remains cautiously optimistic in evaluating opportunities.

Because of the challenging macro-economic environment and market conditions which have affected the Group's financial performance, efforts to unlock value and create value realisation for the Shareholders have been further compounded due to the Company's shares trading considerably below the Group's net asset value.

The Company is continually exploring strategic collaborations and rationalisations of its businesses as well as mergers and acquisitions to enhance its financial performance and will make the relevant announcements to keep Shareholders informed if there is any material development in this regard.

In the meanwhile, the Group has deleveraged its balance sheet to reduce its borrowings and lower the cost of financing, given the high and unpredictable interest rate environment, i.e. reducing "Leverage Growth" to lower the risk of financial distress, due to the high cost of financing. As disclosed in Note 27 (Borrowings) of the Notes to the FY2022 Financial Statements (as defined below) on pages 118 to 121 of the FY2022 Annual Report, this has led to a significant reduction in borrowings from S\$10.95 million as at 31 December 2021 to S\$5.89 million as at 31 December 2022.

- (b) What are the key learnings and reflections from the Company's mergers and acquisitions experience in relation to the healthcare systems business in Indonesia? How will these learnings be applied to the Company's "EBITDA-focused expansion strategy" going forward?

Company's response: As previously announced on 31 May 2020, 10 June 2020, 16 June 2020, 23 August 2020, 8 June 2021, 6 August 2021, 9 March 2022, 4 August 2022, 16 August 2022 and 22 August 2022, the Company's divested investments in Indonesia are currently involved in ongoing litigation. As such, the Company seeks the Shareholders' kind understanding that the Company is unable to disclose such information relating to its divested investments in Indonesia in its responses, due to the sensitive nature of such information. Notwithstanding the foregoing, the healthcare systems business in Indonesia has given the Group valuable experience which can be deployed in scaling the remaining businesses of the Group, such as the renal care services that the Group provides in the Philippines.

2. There was a "disclaimer of opinion" ("**Disclaimer of Opinion**") issued by the Company's independent auditor, Ernst & Young LLP ("**EY**"), in its independent auditor's report dated 9 June 2023 (the "**Independent Auditor's Report**") in relation to the consolidated financial statements of the Group and the Company for the financial year ended 31 December 2022 ("**FY2022**") (the "**FY2022 Financial Statements**"), and EY no longer wishes to be engaged as independent auditor. Please explain what management and the audit committee can focus on to avoid another such "disclaimer of opinion" from the independent auditor for the financial year ending 31 December 2023 ("**FY2023**").

Company's response: The management and audit committee of the Company will work closely with the incoming independent auditor to understand the information and documents required for the audit of the consolidated financial statements of the Group and the Company for FY2023 (the "**FY2023**").

Financial Statements"), and will reach out to Lunadorii Inc. (the "**Purchaser**") to request for such information and documents including the TMJ and IGM Information (as defined herein). If such information and documents are not available, the management of the Company will continuously follow up with the Purchaser for updates regarding the status of access to such information and documents and keep the audit committee informed of any development.

For more information on the Disclaimer of Opinion issued by EY in relation to the FY2022 Financial Statements, please refer to the Company's announcement dated 9 June 2023 and the Independent Auditor's Report dated 9 June 2023 contained in the FY2022 Annual Report in relation to the Disclaimer of Opinion.

3. What assurances can management provide to the independent auditor and Shareholders that the S\$10.625 million convertible exchangeable bonds due from the Purchaser will ultimately be collectable at maturity (7 October 2025)?

Company's response: Pursuant to due diligence enquiries made with the Purchaser and its majority shareholders, the Company believes that the Purchaser is able to fulfil its obligations under the convertible exchangeable bonds ("**Bonds**") issued by the Purchaser to the Group and that at this juncture, there is nothing to the Company's best knowledge that suggests otherwise.

4. Question for the incoming engagement partner at CLA Global TS pursuant to Resolution 5 (to be addressed by management/audit committee if the independent auditor to be appointed is unable to respond): Given the concerns raised by EY in its "Disclaimer of Opinion", how will the new independent auditor (CLA Global TS) satisfy itself that the scope of audit work will be sufficient to address those risk areas that EY was unable obtain the necessary information on?

Auditor's response: EY had issued the Disclaimer of Opinion in respect of the (i) disposal ("**Disposal**") of 100% of the Group's shareholding interests in SAM Laboratory Pte. Ltd. ("**SAM Labs**") and Clearbridge Medical Asia Pte. Ltd. ("**CBMA**") which in turn held as subsidiaries (a) PT Indo Genesis Medika ("**IGM**"), and (b) PT Tirta Medika Jaya ("**TMJ**") and Clearbridge Medicentre Private Limited, respectively (collectively, the "**Disposed Groups**"); (ii) fair valuation of the Bonds; and (iii) recoverable value of loans due from certain disposed entities and the Purchaser.

The Disclaimer of Opinion issued by EY will have an impact on the opening balances of the FY2023 Financial Statements, which are to be audited by CLA Global TS. As the basis of the Disclaimer of Opinion was due to EY not being provided with sufficient information, including relevant financial and non-financial information, of the Purchaser and the Disposed Groups, and other supporting information as a result of the Company having difficulty accessing through the Purchaser the necessary financial information of TMJ and IGM ("**TMJ and IGM Information**"), CLA Global TS will need to request and have access to such relevant information in order to assess its impact on the opening balances and the audit of the Group for FY2023. In addition, as part of the audit of the opening balances and subject to approval from EY, CLA Global TS will request to review EY work papers for FY2022, including but not limited to matters disclaimed by EY.

Based on a preliminary assessment of the FY2022 Financial Statements by CLA Global TS, paragraph 4(i) above of the basis for the Disclaimer of Opinion issued by EY is in relation to a non-recurring event which impacts only the statement of other comprehensive income for FY2022 and opening retained

earnings as at 1 January 2023. On the other hand, paragraphs 4(ii) and 4(iii) above will remain as key audit areas for FY2023. The satisfaction of the scope of audit will depend on the access to and receipt of the TMJ and IGM Information, the review of EY work papers and the results of the audit procedures to be performed by CLA Global TS.

Company's response: Management and audit committee will work closely with CLA Global TS to provide CLA Global TS with the required documents and audit evidence, subject to the Purchaser's access and provision of the TMJ and IGM Information to the Company, to address the above matters during CLA Global TS' audit of the Group and the Company for FY2023.

5. Goodwill is carried on the books at S\$21.3 million. The sharp decline in market capitalisation (currently at around S\$15 million as at 14 June 2023) seems to imply that investors have already priced in a potential impairment of Goodwill. Should the independent auditor and the audit committee take a conservative approach to review Goodwill assumptions to reflect current market realities, such as a higher discount rate (higher interest rates and cost of capital), uncertain growth outlook, impairment of plant and equipment and sustained losses from continuing operations?

Company's response: The Company is of the view the key assumptions used in the calculations of value in use for the cash generating units are reasonable as disclosed in Note 17 (Goodwill on Consolidation) of the Notes to the FY2022 Financial Statements on pages 111 to 113 of the FY2022 Annual Report, and that no impairment to the goodwill of S\$21.3 million in the Group's books as at 31 December 2022 was required. The Company will continue to assess periodically and provide for impairment losses as and when necessary.

6. Many of the Shareholders have not seen the Group's chief executive officer, Yee Pinh Jeremy, and the Board face-to-face for some time. Would the Board consider convening a hybrid format for future AGMs, to include physical meetings to enable live engagement as well as virtual meetings for those unable to attend physically?

Company's response: Practice Note 7E (General Meetings) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") which was amended on 19 April 2023 to provide further guidance on the conduct of general meeting for listed companies held on or after 1 July 2023, sets out that an issuer shall hold its general meeting either (a) at a physical place in Singapore; or (b) at a physical place in Singapore and using technology that allows a person to participate in a meeting without being physically present at the place of meeting ("**Virtual Meeting Technology**"). The Company will adhere to the requirements for holding general meetings either at a physical place in Singapore, or at a physical place in Singapore and using Virtual Meeting Technology from 1 July 2023. The Company will assess the resources and procedures required to hold a meeting at both a physical place in Singapore and using Virtual Meeting Technology for future AGMs before making a decision.

Questions from SIAS

1. Losses from continuing operations were S\$(11.4) million and S\$(13.9) million in FY2022 and FY2021 respectively. The Group has accumulated losses of S\$(54.5) million as at 31 December 2022.

- (a) Operating performance of medical clinics/centres: Segment gain/(loss) was S\$1.4 million and S\$(1.3) million in FY2022 and FY2021 respectively. What are the management's strategies and priorities to improve the profitability of medical clinics/centres?

Company's response: As disclosed in paragraph 7 of the Operations Review section on page 10 of the FY2022 Annual Report, the Group continues to expand channels to its product offerings through traditional and digital initiatives, such as through resellers and third-party e-commerce platforms and continues to explore opportunities to enhance its product offering scale and scope, especially in the area of consumer healthcare, relating to chronic diseases.

These products are expected to be synergistic to the services that the Group offers through its clinics and medical centres and are envisioned to build recurring revenue streams for the Group.

Coupled with the Company's perennial focus on patient growth for the services offered by the medical clinics/centres, management will look to continue improving the profitability of the medical clinics/centres, amidst the evolving healthcare trends subsequent to the COVID-19 pandemic.

- (b) Scale: In FY2022, the Group achieved total revenue of S\$47.8 million, with S\$930,000 originating from regions outside Singapore. Will the Board assess the viability and profitability of the Group's regional operations, including the scale (or lack thereof), in the Philippines, Hong Kong, Malaysia, and China?

Company's response: The Company wishes to highlight that in FY2022, the Group achieved a revenue of S\$16.41 million from continuing operations, with S\$7.15 million originating from regions outside Singapore, and a revenue of S\$11.72 million from discontinued operations outside Singapore, instead of the "total revenue of S\$47.8 million, with S\$930,000 originating from regions outside Singapore" as stated in the question above. The Board does assess the Group's operations in its primary geographical markets, namely (i) Singapore, (ii) the Philippines and (iii) Hong Kong, Malaysia and others, as disclosed in Note 4(a) of the Notes to the FY2022 Financial Statements on page 86 of the FY2022 Annual Report, and the Financial review section on pages 10 to 13 of the FY2022 Annual Report.

- (c) Strategic investments: Can the Board/management (re)state the Group's business model and competitive advantage in strategic investments? Has the Board reviewed the long-term performance of the Company's strategic investments? What adjustments will the Board be making to its investment criteria?

Company's response: The strategic investments segment of the Group entails investments in identified biotechnology companies, for which the performance of the investments is measured and evaluated on a fair value basis.

These investments were envisaged to be complementary to the business of the Group and the Directors continually assess the performance and strategic fit of the investments to the Group. Where it is in the best interests of the Company, and the opportunities so arise, the Group will invest or divest such strategic investments.

For instance, as disclosed in the Company's announcements dated 26 October 2022, 27 October 2022 and 11 November 2022, Clearbridge BSA Pte. Ltd., a wholly-owned subsidiary of the Company, disposed of an aggregate of 40,512,100 ordinary shares (the "**Biolidics Disposals**") in the capital of Biolidics Limited ("**Biolidics**"), which was an investment under the strategic investment segment. Please refer to the said announcements for more information.

- (d) Biolidics: How will the Group monetise (and maximise) the value of its remaining 10.22% stake in Biolidics?

Company's response: As disclosed in paragraph 6 of the Company's response to question 1 (a) of the queries from SGX RegCo in the Company's announcement dated 10 March 2023, the shares of Biolidics are publicly listed and these are liquid assets which, subject to applicable laws and regulations, the Group can sell in the market if it so decides to realise such amounts, even if the eventual realised amounts may differ from the issue price of such ordinary shares of Biolidics depending on the share price of such ordinary shares at the time of realisation.

2. The Disposal was completed in October 2022 and the sale consideration of S\$11.0 million was satisfied entirely by the issuance of convertible exchangeable bonds by the Purchaser.

As noted in the Independent Auditor's Report, the Group has estimated the fair value of the Bonds at inception to be S\$10.625 million (Note 32). This valuation is highly subjective as the Bonds are a complex instrument (includes embedded derivative) and its value is sensitive to the forecast of their future cash flows and other significant inputs such as discount rate, long term growth rate, probability of default event and liquidity event (Note 34). EY stated the following:

"Due to lack of other reliable or publicly available information about the Purchaser, we were also unable to assess the reasonableness of the fair value using other reliable valuation method. Consequently, they are unable to determine the reasonableness of the fair value of the convertible exchangeable bonds of S\$10,625,000 at inception.

The Group has also represented that the fair value of the convertible exchangeable bonds as at 31 December 2022 continues to approximate S\$10,625,000 as ascertained at inception.

Due to lack of information available to support this assumption, they were unable to ascertain the reasonableness of this basis. As a result, they are unable to determine if the carrying value of the convertible exchangeable bonds as at 31 December 2022 is appropriately stated, and whether any adjustments might have been found to be necessary."

- (a) What were the Board's deliberations regarding the satisfaction of the sale consideration by the issuance of convertible exchangeable bonds by the Purchaser? Did the Board negotiate for cash settlement?

Company's response: Please refer to the Company's response to question 8 (a) of the queries from SGX RegCo in the Company's announcement dated 17 October 2022 for more information.

- (b) The maturity date of the Bonds is on 7 October 2025. How confident is the Board/management in the ability of the Purchaser to redeem the Bonds?

Company's response: Pursuant to due diligence enquiries made with the Purchaser and its majority shareholders, the Company believes that the Purchaser is able to fulfil its obligations under the Bonds issued by the Purchaser to the Group and that at this juncture, there is nothing to the Company's best knowledge that suggests otherwise.

- (c) Is the Group now exposed to the creditworthiness of the Purchaser? How will the Board/audit committee be monitoring this risk?

Company's response: Yes. The Company will monitor this risk through periodic updates from the Purchaser on its consolidated financial information and through making reasonable due diligence enquiries. Please refer to paragraph 5.1 (Terms of the Bonds) of the Company's announcement dated 7 October 2022 relating to the Disposal of the Disposed Groups for the terms of the undertakings provided by the Purchaser

In addition, as part of the Disposal, the Group recognised loans receivable due from certain entities within the Disposed Groups and the Purchaser amounting to S\$12.054 million as at 31 December 2022 (Note 21 (Other receivables)). No expected credit loss has been recognised for this balance.

- (d) What is the justification by management to not recognise any expected credit loss against this balance?

Company's response: Based on the information available to the Company, it is not aware of any significant adverse changes in the business, financial or economic conditions that are expected to cause a significant change to the Purchaser's and Disposed Groups' ability to meet their obligations, or any significant changes in the operating results of the debtors.

- (e) The bulk of the amount (S\$11.75 million) has been recognised as non-current loan to third parties (page 115). When will the outstanding loans be collected? What are the efforts by management to collect the amounts from CMBA, SAM Labs and the purchaser?

Company's response: As disclosed in Note 21 (Other receivables) of the Notes to the FY2022 Financial Statements on page 115 of the FY2022 Annual Report, the non-current loan of S\$11.75 million to third parties (SAM Labs and CBMA) shall be payable no later than 6 October 2025.

- (f) Separately, did the Group provide any indemnity to the Purchaser against any potential negative outcome arising from the litigation against CBMA and TMJ by PT Tirta Medika Nusantara?

Company's response: No.

3. The Company's independent auditor issued a Disclaimer of Opinion in the Independent Auditor's Report in relation to the FY2022 Financial Statements.

The independent auditor did not express an opinion on the FY2022 Financial Statements as it was not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit report on the FY2022 Financial Statements because of the significance of the matters described in the basis for the Disclaimer of Opinion. The basis for the Disclaimer of Opinion was due to the independent auditor not being provided with sufficient information, including relevant financial and non-financial information, of the Purchaser and the Disposed Groups, and other supporting information as a result of the Company having difficulty accessing through the Purchaser the TMJ and IGM Information used by the Group for consolidation purposes, as more particularly described below.

- (a) Can the audit committee help Shareholders better understand their efforts in facilitating the independent auditor during the audit?

Company's response: Please refer to the Company's announcement dated 9 June 2023 in relation to the Disclaimer of Opinion for more information.

- (b) Did the audit committee procure the assistance of the Disposed Groups to facilitate the Group's statutory audit by the independent auditor as part of the disposal agreement? If not, why not?

Company's response: Since the Disposal on 7 October 2022, the management of the Company has continuously reached out to the Purchaser to request for the TMJ and IGM Information and has requested for updates regarding the status of access to the necessary financial information, in order to facilitate the audit of the Company's FY2022 Financial Statements, and the audit committee is kept informed of the development. The Company has had difficulty accessing the TMJ and IGM Information through the Purchaser due to the lack of cooperation from the staff of TMJ and IGM during the related transition process.

Please refer to paragraph 5.1 (Terms of the Bonds) of the Company's announcement dated 7 October 2022 relating to the Disposal of the Disposed Groups for the terms of the Issuer Undertakings.

In addition, the independent auditor has notified the Board that they do not wish to seek re-appointment as the independent auditor of the Company at the forthcoming AGM. Accordingly, EY will cease to be the independent auditor of the Company following the conclusion of the forthcoming AGM.

The Board has also confirmed that (i) there were no disagreements with EY on accounting treatment within the last 12 months, and (ii) the Company is not aware of any circumstances

connected with EY not seeking re-appointment as the independent auditor of the Company that should be brought to the attention of the Shareholders and which has not been disclosed.

- (c) Can the audit committee clarify if it had invited EY to be re-appointed as the independent auditor of the Company? When was the audit committee made known of EY's decision?

Company's response: Yes, the audit committee had invited EY to be re-appointed as the independent auditor of the Company for FY2023. EY confirmed their decision to retire at the forthcoming AGM and not seek re-appointment on 9 June 2023.

- (d) What criteria were used in the selection process for the new incoming independent auditor? Can the audit committee disclose the number of audit firms from which it requested proposals and the number of proposals received by the Company?

Company's response: The Company considered the following criteria in the selection process for the new incoming independent auditor:

- (i) adequacy of resources and experience of CLA Global TS to handle the audit;
- (ii) the audit engagement partner to be assigned to the audit;
- (iii) their other audit engagements;
- (iv) the size and complexity of the Group;
- (v) the number and the experience of supervisory and professional staff assigned to the audit;
- (vi) Audit Quality Indicators ("**AQIs**") Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**"); and
- (vii) proposed audit fee

The Company reached out to 6 audit firms and received 2 proposals.

Please refer to Appendix paragraph 3 on page 164 of the FY2022 Annual Report for more information on the audit committee and the Board's assessment of the suitability of CLA Global TS.

- (e) How did the incoming and outgoing independent auditors compare on the AQIs Disclosure Framework issued by ACRA?

Company's response: The incoming auditor provided the Company with its AQIs up to 30 September 2022 in its proposal for the audit committee's consideration. Having reviewed the incoming auditor's AQIs compared against the outgoing auditor's AQIs up to 30 September 2022, and having further considered that the incoming auditor and its audit engagement partner are registered with ACRA, the Board and the audit committee believe that the incoming

independent auditor has sufficient expertise and manpower to undertake the audit of the Group, without compromising on standards and effectiveness.

BY ORDER OF THE BOARD

Yee Pinh Jeremy
Chief Executive Officer and Executive Director
22 June 2023

*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 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.*