

RHT HEALTH TRUST

(a business trust constituted on 29 July 2011 and registered on 25 September 2012
under the laws of the Republic of Singapore) managed by
RHT Health Trust Manager Pte. Ltd.

UPDATES ON THE DRAFT ASSESSMENT ORDER AND OBJECTIONS ON TAX TREATMENT BY THR INFRASTRUCTURE ON THE DISPOSAL OF COMPULSORILY CONVERTIBLE DEBENTURES IN THE YEAR 2016

*Unless otherwise stated, capitalised terms used herein shall bear the same meaning ascribed to them in the announcement dated 31 January 2022 (the "**Previous Announcement**").*

RHT Health Trust Manager Pte. Ltd. (in its capacity as trustee-manager of RHT) (the "**Trustee-Manager**") refers to the Previous Announcement in relation to the Objections filed by THR Infrastructure in relation to the Draft Assessment Order issued by the India tax authorities.

The Trustee-Manager wishes to update Unitholders that the matter had been heard by the Dispute Resolution Panel, which had issued its directions through an order dated 16 June 2022 ("**DRP Directions**"). Pursuant to the DRP Directions, the Objections filed before the Dispute Resolution Panel were largely unsuccessful, save that the Dispute Resolution Panel had directed that the transaction shall be taxed as income from "capital gains", and not as "income from other sources" as set out in the Draft Assessment Order.

In view of the DRP Directions, the Trustee-Manager has sought further advice from the Tax Adviser and the Tax Adviser has advised that:

- (a) the final assessment order incorporating the DRP Directions is to be issued by the Indian income tax authorities by 31 July 2022 ("**Final Assessment Order**");
- (b) the Tax Adviser's view is that the current tax treatment adopted by THR Infrastructure of claiming exemption on account of capital gains on transfer of the Compulsorily Convertible Debentures ("**CCDs**") remains sustainable as per Indian tax laws (read with the Double Taxation Avoidance Agreement between India and Singapore) and available judicial precedents, and may be accepted by higher appellate authorities on account of the factual and technical arguments highlighted in the Tax Advice;
- (c) once the Final Assessment Order is issued, THR Infrastructure intends to lodge an appeal with the Income Tax Appellate Tribunal of India, as the Tax Adviser's view is that it is more likely than not that THR Infrastructure will be able to claim the benefits of the Double Taxation Avoidance Agreement between India and Singapore on the disposal of the CCDs; and
- (d) any tax liability payable pursuant to the Final Assessment Order must be paid by 31 August 2022 and accordingly, THR Infrastructure shall be required to file an application for stay of demand with the Income Tax Appellate Tribunal of India requesting for a stay on the tax demand raised by the Indian income tax authorities if it lodges an appeal. In such event, as advised by the Tax Adviser, the stay of demand application may be heard and adjudicated by the Income Tax Appellate Tribunal within a month from the date of such application and following which, the Income Tax Appellate Tribunal may make certain directions, including requiring THR Infrastructure to make payment of a tax deposit.

The Trustee-Manager will be closely monitoring any further developments in respect of the Draft Assessment Order, the Objections and matters ancillary thereto and will make the appropriate announcement(s) on SGXNET as and when there are any material milestones.

By Order of the Board

Mr. Tan Bong Lin
Non-Executive Chairman
RHT Health Trust Manager Pte. Ltd.
(Registration Number: 201117555K)
(as trustee-manager of RHT Health Trust)

7 July 2022