

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.

RESPONSES TO QUESTIONS FROM UNITHOLDERS AND SIAS

RHT Health Trust Manager Pte. Ltd. (in its capacity as trustee-manager of RHT) (the "**Trustee-Manager**") sets out below the Trustee-Manager's responses to questions from unitholders and the Securities Investors Association (Singapore) ("**SIAS**"), with reference to the Trustee-Manager's announcement dated 14 July 2022 on the notice of annual general meeting of unitholders, the audited financial statements for the financial year ended 31 March 2022 of RHT and its subsidiaries, and the audited financial statements for the financial year ended 31 March 2022 of the Trustee-Manager.

A. QUESTION FROM UNITHOLDERS

- Q1. Can you please elaborate the recent announcement on the capital gains tax issue. What is the estimated amount?**

Trustee-Manager's Response: As stated in the announcement dated 31 January 2022, the Indian tax authorities had issued the draft assessment order in relation to the capital gains tax exemption of INR 6,560,800,802 (approximately S\$118 million based on the current exchange rate) under the India-Singapore Double Taxation Avoidance Agreement that was claimed by THR Infrastructure Pte. Ltd. ("**THR Infrastructure**") for the financial year 2016-2017. Please also see the response to Q3(ii) below for further information.

B. QUESTIONS FROM SIAS

- Q2. Following the disposal of the entire asset portfolio to Fortis Healthcare Limited on 15 January 2019, the trust was deemed a cash trust with no assets and operations. A total of \$0.7758 per unit was distributed to unitholders in early 2019.**

The trading of the units of the business trust was suspended with effect from 28 November 2019, following a trading halt on 25 November 2019. This followed developments in the Indian courts that led the trustee-manager to adjourn the EGM that was to be held for the voluntary winding up of the trust.

As at 31 December 2019, the net assets attributable to unitholders were \$17.0 million. This has since decreased to \$15.5 million as at 30 June 2022.

- (i) **Can the trustee-manager help unitholders understand the cash-burn rate of the trust given that it owns no assets or operations since January 2019?**

Trustee-Manager's Response: The annual cash-burn rate of approximately S\$600,000 comprise mainly payments of annual statutory fees, corporate secretarial fees, tax advisory fees for annual tax and other ad hoc tax matters, legal advisory fees for listing compliance and other matters, and the Trustee-Manager fees. All other operating expenses, including directors' fees, are borne by the Trustee-Manager.

- (ii) **Would the trustee-manager be reviewing its trustee fees given the long-drawn out court cases? Will the trustee-manager be fully waiving or extending the 50% waiver on the trustee fees which lapsed on 31 March 2022?**

Trustee-Manager's Response: Following the extraordinary general meeting of RHT held on 3 December 2019, the Trustee-Manager had agreed to waive 50% of its entitlement to the trustee fees under the terms of the Trust Deed until 31 March 2021. In view of the ongoing Contempt Proceedings (as described in the announcement dated 28 November 2019), the Trustee-Manager had agreed to continue to waive 50% of its trustee fees and will continue to do so until the date on which the Supreme Court of India (the "**Court**") disposes of the Contempt Proceedings.

- (iii) **The trust has cash and cash equivalents of \$16.9 million. How is the trustee-manager maximising the returns from the trust's cash holdings in the meantime?**

Trustee-Manager's Response: The cash and cash equivalents are placed in short-term fixed deposits. This is to ensure that the cash is available for distribution in the event that RHT is able to proceed with the voluntary winding up process.

Q3. As disclosed in Note 24 (page 44; Contingent liabilities), the trust faces potential liabilities on the expenses relating to the termination of loan and swap arrangements paid to an Indian tax resident bank, estimated to be around \$960,000.

- (i) **When does the trustee-manager expect the decision relating to the contingent liabilities on withholding taxes (relating to the termination of loan and swap arrangements) to be reached?**

Trustee-Manager's Response: The Inland Revenue Authority of Singapore ("**IRAS**") is currently in the midst of their review of the withholding tax issue and the Trustee-Manager is unable to advise when the IRAS will complete their review of this issue. The Trustee-Manager's tax advisers have been actively following up with IRAS on this matter. The Trustee-Manager will continue to closely monitor any further developments in respect of this matter and will make the appropriate announcement(s) on SGXNET as and when there are any material milestones.

In addition, the trust also disclosed a contingent liability on capital gains related to (a) the disposal of the compulsorily convertible debentures ("CCDs**") in FY2017 which could be as high as INR2,364 million or approximately S\$42 million including interest and (b) the sale of investments in FY2019 which could be as high as S\$72 million to S\$143 million.**

The India tax authorities had issued a draft assessment order on 30 September 2021 wherein they have denied the capital gains tax exemption under the India-Singapore Double Taxation Avoidance Agreement ("DTAA**").**

- (ii) **Similarly, when does the trust expect to receive the adjudication relating to the disposal of the CCDs?**

Trustee-Manager's Response: As stated in the announcement dated 7 July 2022, the Final Assessment Order (as described in the announcement) is to be issued by the Indian income tax authorities by 31 July 2022. Once the Final Assessment Order is issued, THR Infrastructure intends to lodge an appeal with the Income Tax Appellate Tribunal of India ("**Tax Tribunal**"). As advised by the tax consultant of the Trustee-Manager (the "**Tax Adviser**"), the appeal is to

be filed within 60 days of receipt of the Final Assessment Order and the Tax Tribunal may take 18 to 36 months to hear the appeal and pronounce its judgment on the matter, unless the matter is remanded back to the Dispute Resolution Panel since the remand report has not yet been issued by the relevant tax officer for this matter. The Trustee-Manager will continue to closely monitor any further developments in respect of this matter and will make the appropriate announcement(s) on SGXNET as and when there are any material developments.

(iii) If an appeal and a stay of demand petition were to be filed before the Income Tax Appellate Tribunal, what is the expected time frame for the appeal?

Trustee-Manager's Response: As stated in the announcement dated 7 July 2022, the stay of demand application may be heard and adjudicated by the Tax Tribunal within a month from the date of the application. Please also refer to the response to Q3(ii) above for the expected time frame for the Tax Tribunal to hear the appeal.

Separately, the Contempt Proceedings, which the trust is not a party to, are pending the pronouncement of judgment from the court. The trust maintains its intention to reconvene the EGM for the proposed voluntary winding up pending the outcome of the Contempt Proceedings.

(iv) How will the unresolved disputes with the Indian tax authorities affect the trust's intention to proceed with the proposed voluntary winding up?

Trustee-Manager's Response: Whilst the Trustee-Manager may be able to seek unitholders approval's for the voluntary winding up to commence, the Trustee-Manager will not be able to complete the voluntary winding up process if any of the tax issues remain unresolved with the Indian tax authorities.

Please also see the response to Q3(v) below for further information in relation to the voluntary winding up of RHT.

(v) Does the trustee-manager have a better understanding of the trust's ability to proceed with the proposed voluntary winding up than it did in November 2019 when it requested the trading suspension?

Trustee-Manager's Response: In view of the ongoing Contempt Proceedings, the Trustee-Manager will decide whether to proceed with the proposed voluntary winding up once there is clarity from the Court and if it receives advice from Indian legal counsel that the proposed voluntary winding up can be proceeded with and would be in the interests of Unitholders, as a whole, to do so. The Trustee-Manager has provided updates on the status of the legal proceedings via announcements on SGXNET and will continue to do so as and when there are material updates. Once any judgment is made by Court in the ongoing legal proceedings, the Trustee-Manager will seek further legal advice from Indian legal counsel as to whether or not the voluntary winding up can be proceeded with.

Q4. The trust obtained a waiver from SGX-ST in respect of Rule 707(2) to issue an annual report for FY2022. In fact, the trust has not issued an annual report since FY2020. As shown in the audited financial statements, the directors of the trustee-manager are:

- Tan Bong Lin
- Dr Ronnie Tan Keh Poo
- Dr Wong Chiang Yin

- Loh Min Jiann
- Ashish Bhatia

(i) **How involved are the directors in the trust's disputes with the tax authorities?**

Trustee-Manager's Response: The directors of the Trustee-Manager ("Directors") have been actively engaging with Management of the Trustee-Manager and RHT's tax consultants in respect of the foregoing matter. All decisions taken in respect of the matter have been reviewed and approved by the Board. Please also see the responses to Q3 for further information.

(ii) **What functions/roles have the directors played since 2019 after the sale of assets and distribution of capital?**

Trustee-Manager's Response: The Directors are collectively responsible and have continued to work with Management of the Trustee-Manager in respect of the affairs of RHT since 2019 after the sale of assets and distribution of capital.

The Directors have continued to attend and participate in Board meetings and decide on matters that require the Board's approval, and have continued to ensure proper accountability in respect of the affairs of RHT and that decisions are made in the interests of Unitholders.

Such matters include, but are not limited to, the monthly valuation of assets and utilisation of cash of RHT, the proposed voluntary winding up, the ongoing legal proceedings in the Supreme Court of India, and the draft assessment order issued by the India tax authorities to THR Infrastructure.

(iii) **Would the trustee-manager consider issuing a corporate governance report along with the audited financial statements?**

Trustee-Manager's Response: Rule 710 of the Listing Manual requires an issuer to describe in its annual report its corporate governance practices with specific references to the principles and provisions of the Code of Corporate Governance 2018. As stated in the announcement dated 29 March 2022, the Trustee-Manager had applied to the Singapore Exchange Securities Trading Limited ("SGX-ST") for a waiver from compliance with Rule 707(2) of the Listing Manual in respect of the requirement for RHT to issue its annual report to Unitholders as, *inter alia*, RHT ceased to have any operating business and its assets consist wholly or substantially of cash, and the preparation and issuance of an annual report would not be meaningful or of much benefit to Unitholders and would incur unnecessary costs for Unitholders.

The reasons for seeking waiver from compliance by RHT of the requirement to issue its annual report similarly apply to the corporate governance report that is ordinarily included in the annual report.

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)

25 July 2022