

TRANSITIONS

ANNUAL REPORT FY2019



TRANSITIONS

ANNUAL REPORT FY2019



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Notes:

1. RHT Health Trust ("RHT") is currently a cash trust with minimal operations following the completion of the disposal of the entire asset portfolio of RHT (the "Disposal") on 15 January 2019. The Trustee-Manager is considering various options available for RHT and there is no analysis of the business outlook that is applicable to RHT.
2. Detailed information relating to Land and Buildings is not applicable as RHT does not own any assets following the completion of the Disposal.



CORPORATE PROFILE

RHT is the first business trust to be listed on the Main Board of the Singapore Exchange Limited (“SGX-ST”) with India based healthcare assets.

Since listing, the investment mandate of RHT has been to principally invest in income-yielding real estate and real estate related assets used or to be used primarily as business space¹ in Asia and Australasia.

On 15 January 2019, RHT’s entire asset portfolio was sold to Fortis Healthcare Limited. As a result, it became a cash trust on 15 January 2019. Currently, RHT’s assets comprise mainly of cash.

¹ *Business space includes, but is not limited to, space used for information technology, information technology enabled services (includes various services ranging from call centres, claims processing, medical transcription, e-customer relationship management, supply chain management to back office operations such as accounting, data processing and data mining), high tech, science, healthcare, education, accommodation, business, industrial, logistics, warehousing and office purposes and such other supporting amenities.*

FINANCIAL HIGHLIGHTS



NET SERVICE FEE AND HOSPITAL INCOME⁽¹⁾⁽²⁾

Financial Year 2019

S\$55.32m⁽³⁾

Financial Year 2018 - S\$75.86m



DISTRIBUTABLE INCOME⁽⁶⁾

Financial Year 2019

S\$25.17m⁽³⁾

Financial Year 2018 - S\$38.43m

Disposal

S\$634.33m



DISTRIBUTION PER UNIT⁽⁶⁾

Financial Year 2019

2.95¢⁽³⁾⁽¹⁰⁾

Financial Year 2018 - 4.51¢

Special Distribution Per Unit

74.17¢⁽¹⁰⁾

Cash Distribution Per Unit

2.38¢⁽¹¹⁾



AVERAGE REVENUE PER OPERATING BED⁽⁴⁾

Financial Year 2019

INR14.88m⁽⁵⁾

Financial Year 2018 - INR14.62M



OCCUPANCY⁽⁴⁾⁽⁵⁾

Financial Year 2019

68%

Financial Year 2018 - 71%



BUSINESS VALUE⁽⁷⁾

Financial Year 2019

—⁽³⁾

Financial Year 2018 - S\$1.09b⁽⁸⁾



WEIGHT AVERAGE CONTRACT EXPIRY⁽⁹⁾

Financial Year 2019

—⁽³⁾

Financial Year 2018 - 9.3 Years

⁽¹⁾ Exchange rate for FY2018 and FY2019 was INR47.72 and INR51.35 respectively.

⁽²⁾ Exclude straight-lining, depreciation and amortisation.

⁽³⁾ On 15 January 2019, RHT has completed the Disposal of its investment in subsidiaries and associate, including its entire portfolio of clinical establishments and hospitals in India (the "Disposal"). Hence, the results from India operations is only accounted up to 14 January 2019 as a result of the Disposal.

⁽⁴⁾ These numbers are presented on the basis of 100.0% economic interest in Fortis Hospotel Limited ("FHTL").

⁽⁵⁾ These numbers are presented based on the latest available information from Fortis's Investor Presentation for the quarter ended 31 December 2018.

⁽⁶⁾ The Distributable income is lower due to (i) depreciation of the effective forward rate compared to corresponding periods in determining the Distributable Income and (ii) results from India operations is recognised for 14 days for the fourth quarter.

⁽⁷⁾ Exchange rate for FY2018 and FY2019 was INR49.68 and INR52.30 respectively.

⁽⁸⁾ RHT holds 49.0% economic interest in Gurgaon Clinical Establishment and Shalimar Bagh Clinical Establishment. The remaining 51.0% are held by FHTL.

⁽⁹⁾ No new contract was entered into in FY2019.

⁽¹⁰⁾ Special Distribution on 4 February 2019 of 75.2 cents inclusive of 1.03 cents arising from Distribution to Unitholders from 1 October 2018 to 14 January 2019.

⁽¹¹⁾ RHT became a cash trust on 15 January 2019 following the completion of the Disposal.

PERFORMANCE HIGHLIGHTS



RECONCILIATION TO UNITHOLDERS DISTRIBUTABLE INCOME

		FY2019 S\$'000	FY2018 S\$'000
(Loss)/Profit for the period attributable to Unitholders of the Trust		(22,569)	15,536
Distribution adjustments add/(less):			
Transaction related cost	(I)	17,448	-
Loss on disposal		23,182	-
Trustee-Manager fees payable in units		-	2,766
Tax adjustment		-	(497)
Foreign exchange differences	(II)	4,806	5,647
Compulsorily Convertible Debentures ("CCD") interest income	(III)	(11,508)	(15,640)
Non cash adjustment from Discontinued operations		10,073	31,786
Others (includes working capital adjustment)		3,733	(1,168)
Total Distributable Income attributable to Unitholders of the Trust		25,165	38,430
Total Distributable Income from Disposal attributable to Unitholders of the Trust		634,330	-

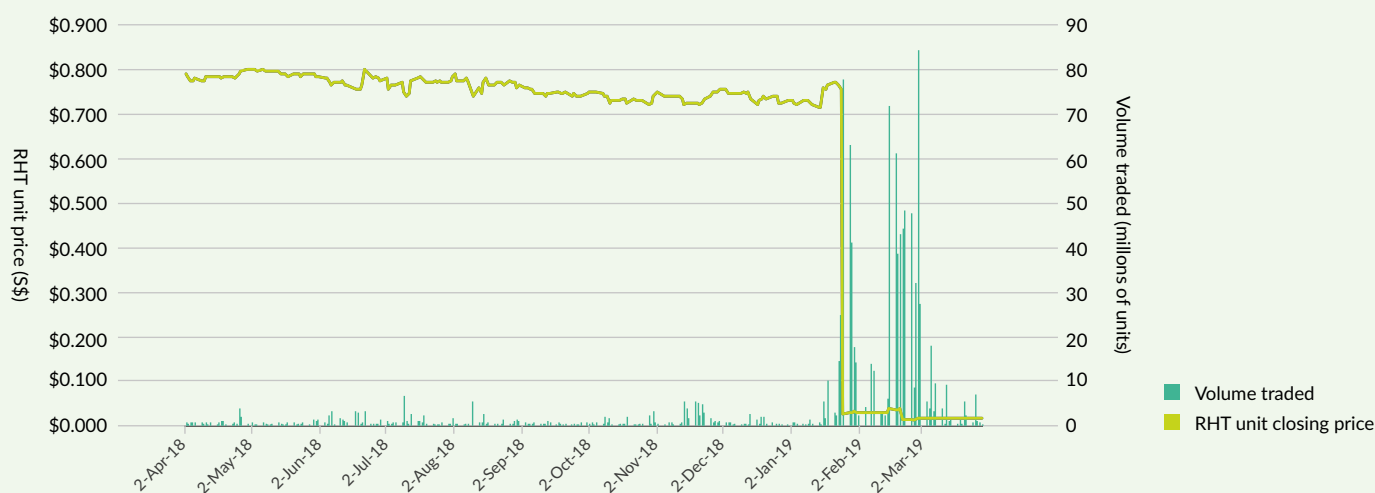
(I) Includes Performance Fee, professional fees and finance cost in relation to the Disposal which were considered in arriving at the Total Distributable Income from Disposal attributable to Unitholders of the Trust.

(II) Included in foreign exchange differences are:

- (i) adjustments for the Distributable Income based on the effective forward INR/SGD rate against the INR/SGD rate of 51.35 for the translation of the Statement of Comprehensive Income, (ii) changes in fair value on financial derivatives and; (iii) foreign exchange differences recorded in the Statement of Comprehensive Income.

(III) At the time of initial public offering, interest bearing CCDs were issued by entities in the RHT Group including, FHTL to one of the subsidiaries for the infusion of funds to complete the acquisition of the initial portfolio by RHT. As FHTL became an associate on 13 October 2016, such interest income of the subsidiary will no longer be eliminated. However, such CCD interest income is correspondingly recognised as CCD interest expense in the results of the associate and both the CCD interest income and expense are added back for distribution purpose.

RHT UNIT PRICE AND TRADING VOLUME FROM 1 APRIL 2018 TO 31 MARCH 2019



FINANCIAL AND OPERATIONAL REVIEW

Portfolio				
	FY19 YTD	FY18 YTD	Variance	
	S\$'000	S\$'000	S\$'000	%
Total Revenue (excluding straight-lining)	69,847	94,422	(24,575)	(26.0)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	38,876	53,707	(14,831)	(27.6)
	INR'000	INR'000	INR'000	%
Total Revenue (excluding straight-lining)	3,585,193	4,505,932	(920,739)	(20.4)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	1,994,775	2,562,890	(568,115)	(22.2)
FHTL ⁽¹⁾				
	FY19 YTD	FY18 YTD	Variance	
	S\$'000	S\$'000	S\$'000	%
Total Revenue (excluding straight-lining)	40,701	54,170	(13,469)	(24.9)
Net Service Fee (excluding straight-lining, depreciation and amortisation)	33,564	45,202	(11,638)	(25.7)
	INR'000	INR'000	INR'000	%
Total Revenue (excluding straight-lining)	2,090,083	2,585,140	(495,057)	(19.2)
Net Service Fee (excluding straight-lining, depreciation and amortisation)	1,723,579	2,157,215	(433,636)	(20.1)

FINANCIAL AND OPERATIONAL REVIEW

Group ⁽²⁾				
	FY19 YTD	FY18 YTD	Variance	
			(S\$'000)	(%)
Adjusted net service fee margin	62%	63%	-	(1.0)
Distributable Income (S\$'000)				
(i) from operations	25,165	38,430	(13,265)	(34.5)
(ii) from the Disposal	634,330	-	n.m	n.m

Note:

⁽¹⁾ The table showing FHTL's results represent the performance of FHTL on 100.0% basis before RHT's share. On 12 October 2016, the Group disposed 51.0% of its economic interest in FHTL and consequentially shares of 49.0% of the results of FHTL going forward.

⁽²⁾ This table considers the performance of FHTL which was accounted as an associate.

Total revenue and Net Service Fee is only accounted up to 14 January 2019 as a result of the Disposal. As such, the financial results of current quarter and year-to-date do not offer a like-for-like comparison.

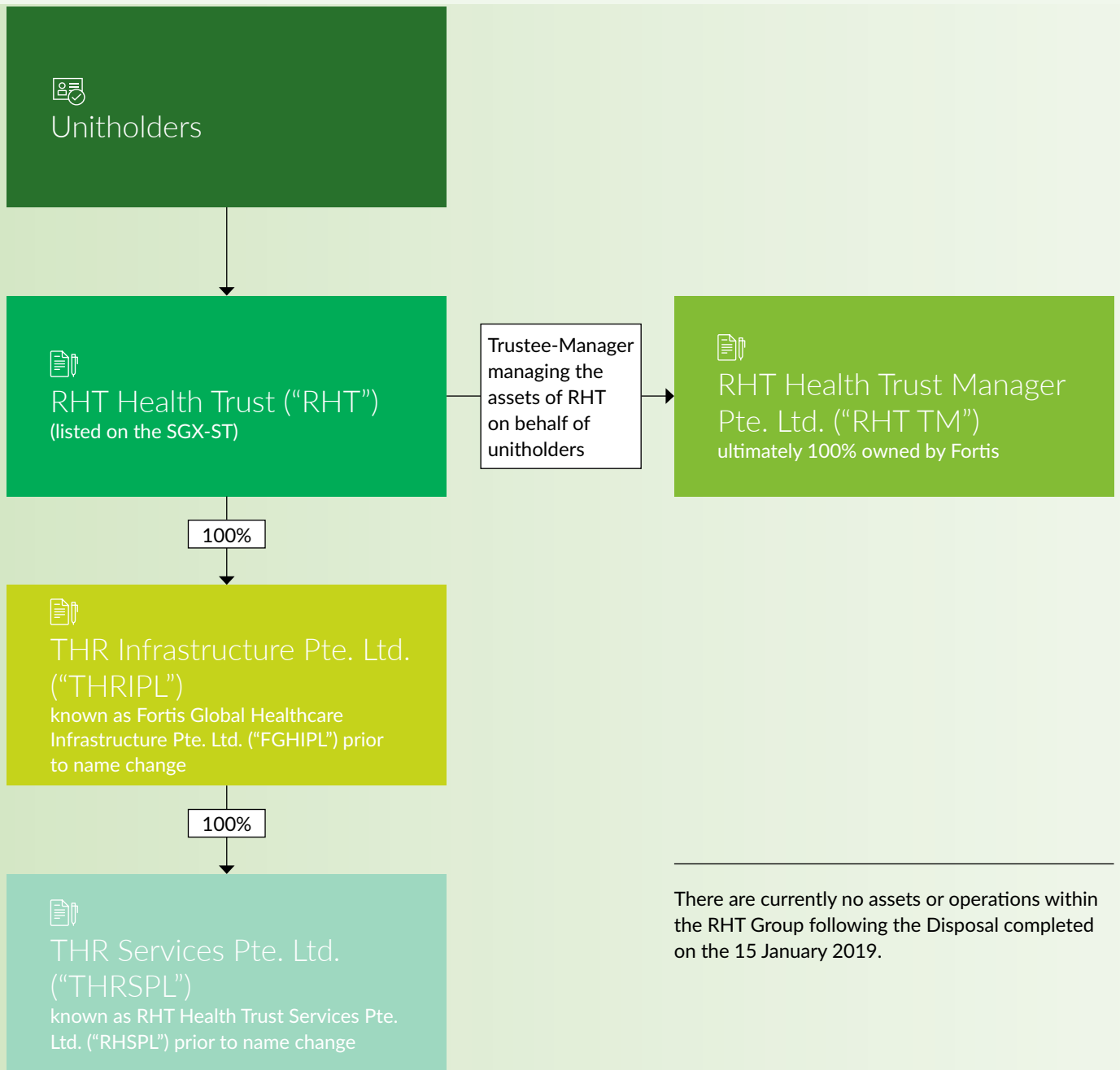
While the absolute results are not comparable, the net service fee margin has remained fairly consistent with the corresponding period.

The lower Distributable Income for the current period is due to (a) depreciation of the effective forward rate compared to corresponding periods in determining the Distributable Income and (b) results from India operations is recognised for 14 days for the fourth quarter as compared to corresponding periods.

The Distributable Income for the period from 1 October 2018 till 14 January 2019 and the Disposal of S\$642.7 million translates to S\$0.792 per Unit. This represents

- (i) Premium of 5.1% over the net asset value per Unit as of 31 December 2018 of S\$0.754, adjusted for INR:SGD closing offer rate of INR52.30:SGD1.00 on 14 January 2019;
- (ii) Premium of 10.8% over the closing price per Unit on 15 January 2019; and
- (iii) Premium of 8.6% and 8.4% over the volume weighted average price per Unit of S\$0.729 and S\$0.730 for the 1 month and 3 month period respectively up to and including 15 January 2019.

TRUST STRUCTURE



There are currently no assets or operations within the RHT Group following the Disposal completed on the 15 January 2019.

ORGANISATION CHART

BOARD OF DIRECTORS



Mr Tan Bong Lin

Non-Executive Chairman and Independent Director



Mr Ashish Bhatia

Non-Executive and Non-Independent Director



Dr Wong Chiang Yin

Independent Director



Dr Chan Boon Kheng

Non-Executive and Non-Independent Director



Mr Loh Min Jiann

Alternate Director to Mr Ashish Bhatia



Dr Ronnie Tan Keh Poo

Independent Director



Mr Meghraj Arvindrao Gore

Alternate Director to Dr Chan Boon Kheng

TRUSTEE-MANAGER



Mr Paul Hoahing

Chief Executive Officer



Mr Tan Kang Fun @ KF Tan

Chief Financial Officer

AUDIT & RISK MANAGEMENT COMMITTEE



Dr Ronnie Tan Keh Poo

Audit & Risk Management Committee Chairman



Mr Ashish Bhatia

Audit & Risk Management Committee Member



Mr Tan Bong Lin

Audit & Risk Management Committee Member



Dr Wong Chiang Yin

Audit & Risk Management Committee Member

LETTER TO UNITHOLDERS



From Left:
Tan Bong Lin
Chairman of the Board

Paul Hoahing
Chief Executive Officer

DEAR UNITHOLDERS

The last financial year ended 31 March 2019 (“FY2019”), was a year of many changes for RHT Health Trust (“RHT”). It has led us to where RHT is today, a trust comprising substantially of cash, following the successful disposal of the entire asset portfolio to Fortis Healthcare Limited (“FHL” or “Fortis”) on the 15 January 2019 (the “Completion” and the “Disposal”). The process of completing this Disposal was eventful and there were times where we required the support and trust of all our stakeholders, from unitholders, noteholders to our lenders. For this, we are very grateful that the support had been unwavering.

The master purchase agreement (“MPA”) for the Disposal was executed in February of the last financial year ended 31 March 2018 (“FY2018”). Subsequently, in April 2018 we had obtained the support of noteholders holding S\$120 million worth of RHT notes (the “Notes”) for the Disposal, as well as to extend the maturity date of the Notes from 22 July 2018 to 22 January

2019. The extension of the maturity date for the Notes enabled us to complete the Disposal without having to seek refinancing of the Notes. Our lenders were also supportive of the Disposal, and granted their consent. Unitholders had put their support behind the Disposal as well, with 94.24% of votes cast in favour of the Disposal. However, the completion of the Disposal which was initially scheduled to take place on or before 30 September 2018 had to be delayed to 31 December 2018, as Fortis requested more time to raise funding for the acquisition from RHT. We negotiated for an Amendment Agreement to the MPA, under which Fortis had to reimburse RHT for the additional costs which would be incurred as a result in the delay in Completion, and also to fix the exchange rate used in determining the proceeds from the Disposal. We believed that this had helped alleviate the costs to Unitholders, arising from the delay in the Completion.

LETTER TO UNITHOLDERS



Unitholders had put their support behind the Disposal as well, with 94.24% of votes cast in favour of the Disposal.

During FY2019, we also saw a number of key events happening at Fortis, the operator of all of RHT's Clinical Establishments. For most of FY2018, we faced delays in the receipt of the Service Fees and other amounts due to RHT. This situation continued on into FY2019, as Fortis remained challenged with cash flow issues. The outstanding payments from Fortis were fully received in June 2018. At the same time, progress was made with respect to new investments into Fortis and this culminated in Fortis completing a preferential allotment of shares to Northern TK Ventures Pte. Ltd. (an indirect wholly owned subsidiary of IHH Healthcare Berhad) on 13 November 2018 (the "Preferential Allotment"). Part of the proceeds from the issuance of the Preferential Allotment was used for financing the Disposal. Unfortunately, the completion of the Disposal had to be delayed a second time, from 31 December 2018 to 15 January 2019, due to requests from Fortis for additional time to raise the remaining funding.

Following the Completion of the Disposal, we had declared and paid two rounds of distributions to Unitholders. The first distribution of S\$0.752 per Unit comprised 95% of the net proceeds from the Disposal, as well as the distributable income attributable to the 3rd quarter of FY2019 including the 14 days in January 2019 (the "Special Distribution"). There was a subsequent distribution of S\$0.0238 per Unit out of the remaining 5% from the net proceeds which had been retained. The total amount that was distributed following the Disposal amounts to S\$0.7758 per Unit to date.

Currently, RHT has net assets of approximately S\$17.8 million comprising principally cash as at 31 May 2019. As RHT is a cash trust with no assets and operations, the recurring expenses now comprise mainly of administrative and statutory related expenses.

CHANGES TO THE BOARD AND MANAGEMENT

In November 2018, Dr Chan Boon Kheng and Mr Loh Min Jiann were appointed to the Board of RHT TM as Non-Independent and Non-Executive Directors. Dr Chan and Mr Loh were nominated by Stellant Capital Advisory Services Private Limited ("Stellant"), the shareholder of the Trustee-Manager to be appointed to the Board of RHT TM following a Preferential Allotment to IHH Healthcare Berhad ("IHH") on the 13 November 2018, which resulted in IHH acquiring 31.1% interests in Fortis, and became its controlling shareholder. Both Dr Chan and Mr Loh are currently employed within the IHH group of companies.

There was a subsequent recomposition of the Board in February 2019, where the previous Directors, Mr Vivek Mehra, Mr Peter Rowe, Mr Eng Meng Leong, Mr Michael Hwang and Dr Yogendra Nath Mathur stepped down following the completion of the Disposal and distribution of the majority of the net proceeds from the Disposal to Unitholders. There were also changes to the management in FY2019 after the Disposal was completed. The Chief Executive Officer and Chief Financial Officer of RHT TM made the decision to leave RHT TM and pursue other ventures.

LETTER TO UNITHOLDERS



When the Disposal was completed on 15 January 2019, RHT had generated a total return of approximately 57%⁽¹⁾ in Singapore dollar terms for Unitholders who had invested in it since its listing on SGX in October 2012.

On behalf of the current Board of Directors, we would like to express our sincere appreciation to the previous Directors and management for their dedication and time, particularly in 2018, where there were a number of regulatory and liquidity concerns due to breaches in covenants arising from the late payment of Service Fees and Bank Guarantees by Fortis. The postponement of the completion date for the Disposal also resulted in additional pressure due to potential refinancing needs. Furthermore, the depreciation of the Indian Rupee against the Singapore dollar during this period was also a concern for the Board and Unitholders. When the Disposal was completed on 15 January 2019, RHT had generated a total return of approximately 57%⁽¹⁾ in Singapore dollar terms for Unitholders who had invested in it since its listing on SGX in October 2012.

With the Completion and the resignations of the previous Directors, Mr Tan Bong Lin, Dr Ronnie Tan and Dr Wong Chiang Yin were appointed to the Board as Independent Directors on the 25 February 2019. On 21 May 2019, Mr Ashish Bhatia was nominated by Stellant to be a Non-Executive Director and Mr Loh Min Jiann resigned to be an Alternate Director to Mr Ashish Bhatia. Mr Meghraj Arvindrao Gore was also appointed as Alternate Director to Dr Chan Boon Kheng. The Board now comprise of 3 Independent Directors and 2 Non-Independent Directors who possess a balanced set of skills, experience and background. Detailed information on the experience and background of the Board is provided on pages 12-13 of this Annual Report. The main task on hand for the Board now is in determining the best way to proceed for RHT. While RHT has up to January 2020 to source for new assets, an alternative would be to proceed with winding up RHT and distributing the remaining proceeds to Unitholders after deduction of any expenses that may be incurred in the process.

ACKNOWLEDGEMENTS

It has been a challenging year, and we express our gratitude to the previous Directors and management for having worked hard to bring RHT through to this point. We would also like to convey our appreciation to the professionals who have helped us during the year and sometimes under tight time pressure. Most importantly, we are very thankful for the support from our Unitholders and Noteholders, who have given us your approvals to proceed with the Disposal and provided the consents for various actions during the year. We hope you will continue to support us as we map out the road ahead for RHT.

Tan Bong Lin

Chairman of the Board

Paul Hoahing

Chief Executive Officer

24 June 2019

⁽¹⁾ For Unitholders who had invested since IPO to Completion of Disposal.

BOARD OF DIRECTORS

①



Mr Tan Bong Lin
Non-Executive Chairman
and Independent Director

②



Mr Ashish Bhatia
Non-Executive and
Non-Independent Director

③



Dr Chan Boon Kheng
Non-Executive and
Non-Independent Director

④



Dr Ronnie Tan Keh Poo
Independent Director

⑤



Dr Wong Chiang Yin
Independent Director

⑥



Mr Loh Min Jiann
Alternate Director to
Mr Ashish Bhatia

⑦



Mr Meghraj Arvindrao Gore
Alternate Director to
Dr Chan Boon Kheng

BOARD OF DIRECTORS

①

Mr Tan Bong Lin

Non-Executive Chairman and Independent Director

Mr Tan Bong Lin was appointed to the Board of RHT TM as Non-Executive Chairman and Independent Director on 25 February 2019.

Mr Tan has 27 years of trading, sales, operations and business management experience with investment banks and brokerage firms. He was with Citigroup Global Markets Singapore up till April 2017, where he held the position of Managing Director & Business Manager. He is currently the Lead Independent Director and Chairman of the Audit Committee of Starhill Global REIT as well as the Independent Director and Chairman of the Audit Committee of APAC Realty Limited. Mr Tan holds a Bachelor of Accountancy from the University of Singapore.

②

Mr Ashish Bhatia

Non-Executive and Non-Independent Director

Mr Ashish Bhatia was appointed to the Board of RHT TM as a Non-Executive and Non-Independent Director on 21 May 2019.

Mr Bhatia joined Fortis Healthcare Limited ("Fortis") (listed on Bombay Stock Exchange and National Stock Exchange of India Limited) in 2002. Over the last 17 years, he has held various key positions at Fortis and brings with him many years of experience in hospital administration and hospital operations. He is currently the Chief Operating Officer (North and East Region) at Fortis. He handles the overall operations of Fortis hospitals in Punjab, Himachal, Rajasthan and Bengal.

Prior to his appointment as Chief Operating Officer (North and East Region), he was the Chief Operating Officer at Fortis. He was responsible for the overall operations of Fortis Hospitals in India and Mauritius.

Mr Bhatia holds a Bachelor of Arts (Economic Honours) from St. Xavier's College, Ahmedabad, Gujarat, India.

③

Dr Chan Boon Kheng

Non-Executive and Non-Independent Director

Dr Chan Boon Kheng was appointed to the Board of RHT TM as Non-Executive and Non-Independent Director on 26 November 2018.

He is the current Group Head of Strategic Planning and Business Development (Merger & Acquisition) at IHH Healthcare Berhad ("IHH"). He is also the CEO (South East Asia Operations) at Parkway Pantai Limited. Additionally, he is a Director of Fortis. Dr Chan brings with him over 20 years of experience in healthcare, covering a range of roles including operations, corporate and investment portfolios. Prior to this, he was the Group CEO of Pantai Holding Berhad (ad-interim) and also held the position of Group President at Thomson Medical and Sasteria Pte. Ltd. He was also the Chairman of Innoheart Pte. Ltd and Executive Director of TMC Life Sciences Limited. Dr Chan also served as an Advisor to a sovereign wealth fund based in Abu Dhabi.

Dr Chan graduated with a Bachelor of Medicine and Bachelor of Surgery from National University of Singapore. He also holds a Masters of Business Administration (Honours) ("MBA") from University of Chicago.

BOARD OF DIRECTORS

④

Dr Ronnie Tan Keh Poo
Independent Director

Dr Ronnie Tan Keh Poo was appointed to the Board of RHT TM as an Independent Director on 25 February 2019. He is also the Chairman of the Audit and Risk Management Committee.

Dr Tan is a qualified medical doctor and holds a Bachelor of Medicine and Bachelor of Surgery from the University of Melbourne as well as a Master of Health Administration from Lorna Linda University. He worked as a medical practitioner in various government and private healthcare facilities in Australia and Singapore. Dr Tan held senior positions in various healthcare institutions such as Parkway Holdings Limited where he was the CEO of Gleneagles Hospital. He was also the CEO of Siloam Gleneagles group of hospitals in Indonesia. Prior to Dr Tan's retirement in May 2017, he held the position of CEO and Executive Director of Bowsprit Capital Corporation (as manager of First Real Estate Investment Trust).

⑤

Dr Wong Chiang Yin
Independent Director

Dr Wong Chiang Yin was appointed to the Board of RHT TM as an Independent Director on 25 February 2019.

Dr Wong is a public health specialist. He was previously the Executive Director and Group CEO of Cordlife Group Limited (listed on the Singapore Exchange Limited ("SGX")) and TMC Life Sciences Berhad (listed on the Bursa Malaysia). He is an elected Council Member of the Singapore Medical Association and Academy Medicine Singapore. Dr Wong was previously an Independent Director of Beng Kuang Marine Limited (listed on the SGX). He has held senior positions in the public sector, including Chief Operating Officer of Singapore General Hospital and Changi General Hospital. Dr Wong holds a Masters of Medicine (Public Health) from the National University of Singapore and Masters of Business Administration (Finance) from the University of Leicester.

⑥

Mr Loh Min Jiann
Alternate Director to Mr Ashish Bhatia

Mr Loh Min Jiann joined the Board of RHT TM as Non-Executive and Non-Independent Director on 26 November 2018. He resigned as Non-Executive and Non-Independent Director on 21 May 2019 and was appointed as an Alternate Director to Mr Ashish Bhatia on the same day.

Mr Loh has more than 30 years of experience in accounting and finance. He is the current CFO of Parkway Pantai (Malaysia Operations Division) where he oversees the finances of all entities within the Parkway Pantai Malaysia Operations Division. Prior to this, Mr Loh was the CFO of Magnum Corporation Sdn Bhd and Magnum Berhad, where he oversaw the finances of the corporate office together with 23 other entities within the Group in various states in Malaysia.

Mr Loh is a qualified Chartered Accountant and Certified Public Accountant. He is currently a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

⑦

Mr Meghraj Arvindrao Gore
Alternate Director to Dr Chan Boon Kheng

Mr Meghraj Arvindrao Gore was appointed as an Alternate Director to Dr Chan Boon Kheng on 21 May 2019.

Mr Gore has more than 19 years of experience in business management in North America, Asia, and Africa, with a focus on healthcare for the past 15 years. He is currently the Chief Operating Officer at Fortis, where he is responsible for the portfolio of Fortis hospitals in the Western and Southern parts of India. In addition, he is also responsible for driving domestic sales and international business for the entire Fortis network in India.

Prior to his current role, Mr Gore was the Chief Executive Officer at Hoan My Medical Corporation, the largest integrated private healthcare organisation in Vietnam.

Mr Gore is a Chemical Engineer from India. He holds a Masters of Business Administration and Masters in Information Technology from the United States.

MANAGEMENT TEAM

①

Mr Paul Hoahing
Chief Executive Officer



②

Mr Tan Kang Fun @ KF Tan
Chief Financial Officer



Mr Paul Hoahing was appointed as the Chief Executive Officer (“CEO”) of the Trustee-Manager on 1 April 2019. He was also appointed as Director of THR Infrastructure Pte. Ltd. (formerly Fortis Global Healthcare Infrastructure Pte. Ltd.) and THR Services Pte. Ltd. (formerly RHT Health Trust Services Pte. Ltd), both of which are wholly-owned direct and indirect subsidiaries of RHT respectively.

Mr Hoahing has been engaged as a Consultant for the treasury and finance functions at Parkway Pantai Limited, an indirect wholly-owned subsidiary of IHH Healthcare Berhad since October 2018. His appointment as CEO of the Trustee-Manager will be an additional role undertaken by him.

Prior to that, he was the Managing Director, Head of South East Asia Corporate Finance & Capital Markets at Citic CLSA Singapore. Mr Hoahing has more than 20 years of corporate finance experience, including corporate finance and banking roles at Deutsche Bank AG and J.P. Morgan prior to joining Citic CLSA Singapore.

Mr Hoahing holds a Masters in Business Administration from the London Business School in United Kingdom and also a Bachelor of Laws (Second Class Upper Honours) from the University of Reading in United Kingdom.

Mr Tan Kang Fun @ KF Tan was appointed as the Chief Financial Officer (“CFO”) of the Trustee-Manager on 1 May 2019. He was also appointed as Director of THR Infrastructure Pte. Ltd. and THR Services Pte. Ltd., both of which are wholly-owned direct and indirect subsidiaries of RHT respectively.

Prior to his appointment as CFO of RHT TM, Mr Tan was the Chief Procurement Officer at Parkway Group Healthcare Pte. Ltd., (“Parkway Group”), an indirect wholly-owned subsidiary of IHH Healthcare Berhad, since September 2010, before becoming a Consultant in September 2014 for the procurement function at Parkway Group. Mr Tan has over 30 years of experience in the areas of accounting, finance and operations. Before joining the Parkway Group, Mr Tan held various roles at Eu Yan Sang International Limited, a company listed on the Singapore Exchange Limited, which included Chief Financial Officer and Chief Operating Officer.

Mr Tan is an Associate Chartered Accountant from The Institute of Chartered Accountants in England and Wales. He is also a Certified Public Accountant from The Malaysia Institute of Accountants.

THE YEAR IN PERSPECTIVE

For the financial period
1 April 2018 to
31 March 2019*

JANUARY

The Trustee-Manager announced the completion of the disposal of the entire asset portfolio of RHT to Fortis (the "Disposal") on 15 January 2019. Unitholders were entitled to approximately 95% of the Net Proceeds as Special Distribution, which amounted to a Special Distribution of 0.752 Singapore dollars per Unit.

The Trustee-Manager announced the change of names of RHT's wholly-owned subsidiaries, Fortis Global Healthcare Infrastructure Pte. Ltd. and RHT Health Trust Services Pte. Ltd., to THR Infrastructure Pte. Ltd. and THR Services Pte. Ltd. respectively.

The Trustee-Manager announced that RHT made payment of the redemption in full of all outstanding Notes in an aggregate principal amount of S\$120,000,000 at 100.45 per cent. of its principal amount. The Notes were issued under the S\$500,000,000 multicurrency medium term note programme established by the Company on 5 December 2014. All bank facilities of the RHT Group have also been repaid.

NOVEMBER

For the second quarter and first half of FY2019 ("2QFY2019"), Total Revenue was 7% lower in Singapore dollar terms compared to the corresponding quarter in the last financial year ("2QFY2018") due to a weaker Indian Rupee. However, in Indian Rupees, Total Revenue increased slightly by 1.3% due to the contractual increase in Base Fee and Hospital Income. A DPU of 1.92 cents arising from the Distributable Income attributable for distribution for the period 1 April 2018 to 30 September 2018 was declared.

The Trustee-Manager announced the appointment of three Non-Executive and Non-Independent Directors who were nominated by Fortis Healthcare Limited ("Fortis") to be appointed by the Board of the Trustee-Manager. The Trustee-Manager also announced Mr Pawanpreet Singh's resignation as Executive Director.

APRIL

The Trustee-Manager commenced a consent solicitation process to seek approval from the Noteholders of the Series 001 Notes. The Extraordinary Resolution put to vote for Noteholders' approval were duly passed.

FEBRUARY

For the third quarter of FY2019 ("3QFY2019"). Total Revenue decreased 4.5% in Singapore dollar terms compared to the corresponding quarter of the last financial year ("3QFY2018") due to a weaker Indian Rupee. However, in Indian Rupees, Total Revenue was up 3.6% due to the contractual increase in Base Fee and higher Hospital Income. The Trustee-Manager declared a further payment of 3% of the 5% of Net Proceeds of the Disposal that had been retained. This amounted to S\$0.0238 per Unit.

The Trustee-Manager announced changes to the composition of the Board of the Trustee-Manager. This saw the resignation of all former Directors as well as the appointment of new Independent Directors and recomposition of Board committees. The Trustee-Manager also announced the resignation of Mr Gurpreet Dhillon as Chief Executive Officer. He was succeeded by Mr Paul Hoahing with effect from 1 April 2019.

SEPTEMBER

RHT held a dialogue session with the Securities Investors Association Singapore ("SIAS") and Unitholders in relation to the proposed disposal of the entire asset portfolio of RHT (the "Proposed Disposal").

RHT hosted an Extraordinary General Meeting ("EGM") at Hotel Jen Tanglin Singapore to seek Unitholders' approval on the Proposed Disposal as well as the proposed amendments to RHT's Trust Deed. All Resolutions put to vote for Unitholders' approvals were duly passed.

AUGUST

For the first quarter of FY2019 ("1QFY2019"), Total Revenue decreased by approximately 8.8% compared to the previous corresponding period due to a weaker Indian Rupee and lower Variable Fee. The Variable Fee was impacted by lower occupancy rates at the Clinical Establishments, which led to a decrease in revenue of the operator. The Distribution per Unit ("DPU") recorded for 1QFY2019 was 1.0 cents.

JULY

RHT hosted the Annual General Meeting ("AGM") at Suntec Singapore Convention & Exhibition Centre. All Ordinary Resolutions put to vote for Unitholders' approvals were duly passed.

2019

2018

* All S\$ references on this page are based on the exchange rate as at date of respective announcements.

CORPORATE INFORMATION

THE TRUSTEE-MANAGER

RHT Health Trust Manager Pte. Ltd.
Company registration number:
201117555K

BOARD OF DIRECTORS

Mr Vivek Mehra

Non-Executive Chairman and
Independent Director
(resigned on 25 February 2019)

Mr Tan Bong Lin

Non-Executive Chairman and
Independent Director
(appointed on 25 February 2019)

Mr Ashish Bhatia

Non-Executive and Non-Independent
Director (appointed on 21 May 2019)

Dr Chan Boon Kheng

Non-Executive and
Non-Independent Director
(appointed on 26 November 2018)

Dr Ronnie Tan Keh Poo

Independent Director
(appointed on 25 February 2019)

Dr Wong Chiang Yin

Independent Director
(appointed on 25 February 2019)

Mr Loh Min Jiann

Alternate Director
(appointed on 26 November 2018,
resigned on 21 May 2019 and
appointed as Alternate Director to Mr
Ashish Bhatia on 21 May 2019)

Mr Meghraj Arvindrao Gore

Alternative Director
(appointed as Alternate Director to Dr
Chan Boon Kheng on 21 May 2019)

Mr Gurpreet Singh Dhillon

Executive Director
(resigned on 25 February 2019)

Mr Pawanpreet Singh

Executive Director
(resigned on 26 November 2018)

Mr Daljit Singh

Non-Executive and
Non-Independent Director
(appointed on 26 November 2018 and
resigned on 25 February 2019)

Mr Eng Meng Leong

Independent Director
(resigned on 25 February 2019)

Mr Sydney Michael Hwang

Independent Director
(resigned on 25 February 2019)

Dr Yogendra Nath Mathur

Lead Independent Director
(resigned on 25 February 2019)

Mr Peter Joseph Seymour Rowe

Independent Director
(resigned on 25 February 2019)

BOARD COMMITTEES

Audit & Risk Management Committee

Dr Ronnie Tan, Chairman
Mr Ashish Bhatia, Member
Mr Tan Bong Lin, Member
Dr Wong Chiang Yin, Member

COMPANY SECRETARIES

Mr Abdul Jabbar Bin Karam Din
(LLB (Hons))

Ms Fazilah Abdul Rahman
(appointed on 22 August 2018)

Ms Chan Poh Kuan
(resigned on 22 August 2018)

AUDITOR

Ernst and Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Phone: (65) 6535 7777
Fax: (65) 6438 8710

Partner in charge: Tan Soon Seng
Appointed since financial year ended 31
March 2018

REGISTERED ADDRESS

9 Battery Road
#15-01 MYP Building
Singapore 049910
Phone: (65) 6535 3600
Fax: (65) 6225 6846

OPERATING ADDRESS

302 Orchard Road
#09-03/04 Tong Building
Singapore 238862
Phone: (65) 6603 5780
Fax: (65) 6603 5782

UNIT REGISTRAR

**Boardroom Corporate & Advisory
Services Pte. Ltd.**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360

SGX Code

RF1U

CORPORATE GOVERNANCE REPORT

RHT Health Trust (“RHT” or the “Trust”) is constituted as a business trust under the Business Trusts Act (Chapter 31A) (“BTA”) and is externally managed by RHT Health Trust Manager Pte. Ltd. (“RHT TM” or the “Trustee-Manager”). The Trustee-Manager recognises the importance of upholding high corporate governance standards in order to safeguard the interests of Unitholders and contribute to the success of RHT. Under the BTA, the Trustee-Manager must act in the best interests of Unitholders as a whole.

The Trustee-Manager has opted for the early adoption of the Code of Corporate Governance 2018 (“CG Code 2018”) as its benchmark for best corporate governance practices and has established policies and practices with the CG Code 2018 in mind. The Trustee-Manager has also incorporated specific provisions under the Business Trusts Regulations (“BTR”) in its corporate governance framework.

The Trustee-Manager also proactively tracks and voluntarily complies with the provisions and requirements under the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“CIS Code”). This includes the Property Funds Appendix in Appendix 6 of the CIS Code, as well as the various laws and regulations which are applicable to Capital Market Services Licence (“CMS Licence”) holders.

In this Corporate Governance Report (“CG Report”), we have described the main corporate governance policies and practices which the Trustee-Manager has established, with reference to the CG Code 2018. Any deviations from the CG Code 2018 are explained in this CG Report.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board of RHT TM (the “Board”) comprises of seven Directors, of which two are Alternate Directors. All Directors are fiduciaries who are required to act objectively at all times in the best interests of RHT and RHT TM as well as hold Management accountable for the performance of RHT. The Trustee-Manager has established a Code of Conduct which is set out in its Employee Handbook. Employees are required to familiarise themselves and comply as part of upholding high standards of integrity in business operations and conduct. The Board also plays a pivotal role in setting the appropriate tone-from-the-top and organisational culture as well as ensuring proper accountability within RHT and RHT TM.

Currently, three out of five of the Directors on the Board are independent from management and business relationships with the Trustee-Manager and from the Sponsor. Where any Director has an interest in any transaction involving the Sponsor and/or its subsidiaries, that Director will recuse himself from the discussions and abstain from voting on the transaction. The same resolution is also required to be approved by all the Independent Directors. Similarly, should any Director have interest in any transaction or entity with competing interests to RHT, they would also abstain from voting on such matters.

A briefing is also conducted by senior management to provide the new Directors with an overview of the business of RHT as well as the key policies and Board processes. Material documents pertaining to RHT are also made available to the new Directors. First time Directors with no prior experience as a Director of a listed company will also be provided external training by professional providers, such as the Singapore Institute of Directors, on what they need to know as a Director of a listed company in Singapore.

CORPORATE GOVERNANCE REPORT

The Trustee-Manager monitors new laws, regulations and rules that are implemented, for implications on RHT and RHT TM. Where relevant, Directors are updated about the changes to existing or new rules and regulations. There have been briefings conducted during Board meetings whereby either senior management or external professionals update the Directors on new developments or where the Board deems that expert advice is required in order to formulate key decisions. Where required, the Trustee-Manager also arranges and funds the training for Directors so that they are kept abreast of any regulatory changes. Our Directors also received copies of the recent Corporate Governance Guidebooks published by the Singapore Institute of Directors which were purchased by RHT TM.

The Trustee-Manager has formalised the following matters which are specifically reserved for decision and approval by the Board:

- 1) RHT's long term objectives, strategy and budget including internal limits on authority in relation to investments, acquisitions and disposals as well as capital expenditures.
- 2) Changes to RHT's structure and capital, including new unit issuances and new material debt facilities.
- 3) Financial reporting and internal risk controls, including significant changes in accounting policies, review of interested party transactions, conflict of interest situations and corporate governance arrangements.
- 4) Communication with regulators or Unitholders involving matters which has been deliberated or approved by the Board.

Apart from the matters reserved specifically for the Board's decision and approval, the Board has delegated the supervision of the day to day operations as well as the decision making over certain operational matters to the management of RHT TM in order to facilitate operational efficiency.

Currently, the Audit & Risk Management Committee ("ARMC") which has been set up with its own terms of reference, assists the Board in the discharge of its duties. The ARMC assists the Board by reviewing significant financial reporting issues and considers the report of the external auditor and internal auditor. The ARMC also oversees the risk management framework and policies of RHT and has oversight of the internal audit function. The names of the ARMC members and its terms of reference (which includes its objectives, roles and functions) can be found on pages 39-42 of the Annual Report.

The Nominating Committee ("NC") and the Remuneration Committee ("RC") was dissolved on 25 February 2019 following the completion of the disposal of the entire asset portfolio of RHT (the "Disposal") on 15 January 2019, where RHT has ceased to have any business operations and has become a cash trust. The duties of the NC and RC will be undertaken by the Board.

The Board of Directors meet at least four times a year to review and approve the financial results of RHT as well as to receive key reports from both the external professionals such as the internal auditors, and senior management. The Board also reviews and approves, amongst others, RHT's strategic direction, its annual budget, capital structuring, risk reports and key policies. As and when warranted by circumstances, Board meetings are also held outside of the quarterly meetings to discuss the strategies, policies or key activities of RHT such as acquisitions and disposals. Under the Constitution of the Trustee-Manager, Board meetings are permitted to be held via telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and/or see each other.

CORPORATE GOVERNANCE REPORT

The names of our current Directors and details of their membership on Board Committees, number of Board and Committee meetings held for FY2019, as well as their attendance at these meetings are disclosed in the table below:

Name	Board		Audit & Risk Management Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Mr Vivek Mehra ⁽¹⁾	10	8	-	-	1	1	-	-
Mr Daljit Singh ⁽²⁾	10	1	-	-	-	-	-	-
Mr Gurpreet Singh Dhillon ⁽¹⁾	10	8	-	-	-	-	-	-
Mr Pawanpreet Singh ⁽³⁾	10	7	-	-	-	-	-	-
Dr Yogendra Nath Mathur ⁽¹⁾	10	8	6	6	1	1	-	-
Mr Sydney Michael Hwang ⁽¹⁾	10	6	-	-	1	1	1	1
Mr Peter Joseph Seymour Rowe ⁽¹⁾	10	8	6	6	-	-	1	1
Mr Eng Meng Leong ⁽¹⁾	10	8	6	6	-	-	1	1
Mr Tan Bong Lin ⁽⁴⁾	10	2 ⁽⁴⁾	6	- ⁽⁷⁾	-	-	-	-
Mr Ashish Bhatia ⁽⁵⁾	10	- ⁽⁵⁾	6	- ⁽⁵⁾	-	-	-	-
Dr Chan Boon Kheng ⁽⁶⁾	10	3 ⁽⁶⁾	-	-	-	-	-	-
Mr Loh Min Jiann ⁽⁶⁾	10	3 ⁽⁶⁾	6	- ⁽⁸⁾	-	-	-	-
Mr Meghraj Arvindrao Gore ⁽⁵⁾	10	- ⁽⁵⁾	-	-	-	-	-	-
Dr Ronnie Tan Keh Poo ⁽⁴⁾	10	2 ⁽⁴⁾	6	- ⁽⁷⁾	-	-	-	-
Dr Wong Chiang Yin ⁽⁴⁾	10	2 ⁽⁴⁾	6	- ⁽⁷⁾	-	-	-	-

⁽¹⁾ Resigned from the Board of RHT TM on 25 February 2019.

⁽²⁾ Mr Daljit Singh resigned from the Board of RHT TM on 25 February 2019. During his period of appointment from 26 November 2018 to 25 February 2019, a total of two (2) Board meetings were held.

⁽³⁾ Resigned from the Board of RHT TM on 26 November 2018.

⁽⁴⁾ Mr Tan Bong Lin, Dr Ronnie Tan Keh Poo and Dr Wong Chiang Yin were appointed to the Board of RHT TM on 25 February 2019. They were present at all Board meetings subsequent to their appointment.

⁽⁵⁾ Mr Ashish Bhatia and Mr Meghraj Arvindrao Gore were appointed to the Board of RHT TM after FY2019, on 21 May 2019. As such, they did not attend any meetings held in FY2019.

⁽⁶⁾ Dr Chan Boon Kheng and Mr Loh Min Jiann were appointed to the Board of RHT TM on 26 November 2018. They were present at all Board meetings subsequent to their appointment. Mr Loh Min Jiann resigned as Non-Executive and Non-Independent Director on 21 May 2019 and was appointed as Alternate Director to Mr Ashish Bhatia on the same day.

⁽⁷⁾ Appointed to the ARMC on 25 February 2019. There were no other ARMC meetings held in FY 2019 subsequent to their appointment.

⁽⁸⁾ Appointed to the ARMC on 25 February 2019. There were no other ARMC meetings held in FY2019 subsequent to his appointment. He resigned from the ARMC on 21 May 2019.

The calendar for Board and Committee meetings are arranged one year in advance to allow for better planning. Board papers are to be sent to the Board approximately five business days before the meeting takes place. Matters such as the financial results, the report from the independent auditors, management's internal risk assessment report as well as business and operational updates for the quarter are presented for the Board's review during the quarterly Board meetings. In FY2019, management provided the Board with regulator updates on the Proposed Disposal as well as RHT TM's cash flow requirements to continue operations. Updates were also provided to the Board on the exploration of post Disposal plans for RHT. On an on-going basis, where there are material variances against the forecasted and actual financial figures, explanations would be provided.

CORPORATE GOVERNANCE REPORT

Directors are also entitled to request for separate and independent access to management, the Company Secretary and external professionals. They are also entitled to seek independent professional advice relating to their roles and responsibilities as a Director of RHT TM, at RHT TM's expense. Where there should be any proposed change to the Company Secretary, Board approval will be obtained. The change of Company Secretary on 22 August 2018 was approved by the Board.

BOARD'S COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

There are seven Directors on the Board of RHT TM, of which two are Alternate Directors. A majority, or three out of five Directors, including the Chairman of the Board, are Independent and Non-Executive Directors. The remaining two Directors are Non-Executive and Non-Independent Directors. The two Alternate Directors are also Non-Executive and Non-Independent Directors.

The BTR provides that:

- 1) at least a majority of the Directors shall be independent from management and business relationships¹ with the Trustee-Manager;
- 2) At least one-third of the Directors shall be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- 3) At least a majority of the Directors shall be independent from any single substantial shareholder² of the Trustee-Manager.

The Board determines the independence of each Director annually, or as and when required. The Board having carried out its assessment for FY2019, considered and found Mr Tan Bong Lin, Dr Ronnie Tan Keh Poo and Dr Wong Chiang Yin to be independent from:

- (1) the management and business relationships with the Trustee-Manager;
- (2) the management and business relationships with Stellant Capital Advisory Services Private Limited ("Stellant") (the substantial shareholder of the Trustee-Manager) and its related corporations; and
- (3) Fortis Healthcare Limited ("FHL") (the substantial Unitholder of RHT) and its related corporations.

Mr Ashish Bhatia, Dr Chan Boon Kheng, Mr Loh Min Jiann and Mr Meghraj Arvindrao Gore are not considered to be independent under the CG Code 2018 and/or the BTR Section 3¹ and 4².

The Board does not comprise of any Director who has served on the Board for more than nine years from the date of his first appointment. Refer to page 39 of the Annual Report for details on the appointment dates of the Board of Directors.

The current Board comprise of seven Directors with extensive skills, knowledge and experience in various fields ranging from trading, sales, operations, business management, accounting, finance and healthcare. The age of the Directors range from the 40s to mid-60s. Although none of the current Board of Directors are female, RHT TM does not discriminate against gender diversity within the Board. However, RHT TM does not actively set targets on the proportion of male to female Board members. Instead, Board of Directors are appointed based on best fit and qualification for the role. The Trustee-Manager does not currently have a Board Diversity Policy in place and will not be implementing the Board Diversity Policy until a decision is made on the next steps for RHT that would be in the best interests of all Unitholders. Approval from the Board of RHT TM on the decision taken for not implementing the Board Diversity Policy was obtained at the Board meeting held in May 2019.

¹ Independent from management and business relationships with the Trustee-Manager as defined under Section 3 of the BTR.

² Independent from substantial shareholder of the Trustee-Manager as defined under Regulation 4 of the BTR.

CORPORATE GOVERNANCE REPORT

Having considered the scope and nature of RHT's operations, the Board is of the view that the current size and composition of the Board allows for constructive discussion and effective decision making.

The Board, led by the independent Chairman, have met at least once during FY2019 without the presence of management for private sessions and feedback sessions.

CHAIRMAN AND EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The positions of the Chairman of the Board and the CEO are held by two separate persons for accountability and effective segregation of duties. The Board of RHT TM is led by our Non-Executive Chairman and Independent Director, Mr Tan Bong Lin, while Mr Paul Hoahing is our CEO. Mr Tan Bong Lin and Mr Paul Hoahing are not immediate family members. The division of responsibilities between the Chairman and CEO are clearly established, set out in writing and approved by the Board.

As Chairman, Mr Tan Bong Lin is responsible for leading the Board and ensuring that the Board carries out its role effectively. He promotes a culture of open interaction and constructive debate on the Board, facilitates the effective contribution of all Directors and strives towards the maintenance of high standards of corporate governance. Mr Tan also encourages constructive relations within the Board and between the Board and management, in particular, between the Board and the CEO. Mr Tan also sets the agenda for Board meetings and chairs Board meetings.

As CEO, Mr Paul Hoahing is responsible for managing the daily operations of the Trust and the Trustee-Manager in accordance with the business plans and strategies which have been set out by the Board.

The Board does not have a Lead Independent Director due to the following reasons:

- 1) Mr Tan Bong Lin and Mr Paul Hoahing are separate persons;
- 2) Mr Tan Bong Lin and Mr Paul Hoahing are not immediate family members;
- 3) Mr Tan Bong Lin is not part of the management team; and
- 4) Mr Tan Bong Lin is an Independent Director.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

As mentioned under Principle 1 on the Board's Conduct of Affairs, the NC was dissolved on 25 February 2019 following the completion of the Disposal on 15 January 2019, where RHT has ceased to have any business operations and has become a cash trust. The duties of the NC will be undertaken by the Board.

The Trustee-Manager is of the view that the Board is able to undertake the functions of a NC because:

- 1) RHT does not have any business operations following the completion of the Disposal. The Board would not be overtasked if the roles and responsibilities of the NC were also undertaken by the Board.
- 2) Independent Directors form at least half of the Board, including the Chairman, who is an Independent Director. As Independent Directors make up majority of the Board, there is an appropriate level of independence to ensure the objectivity and independence of the nomination process. Any concerns over conflicts of interest can be mitigated by having the conflicted Directors abstain from the decision making process.

CORPORATE GOVERNANCE REPORT

According to the Practice Note 4.2 issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"), Rule 210(5)(a) of the SGX-ST Listing Rules does not apply to Business Trusts if the Business Trust complies with the provisions of the BTA relating to the composition of the Trustee-Manager and establishment of an audit committee. As the Trustee-Manager complies with Provision 14 and 15 of the BTA relating to composition of the Board and audit committees, the Trustee-Manager is of the opinion that the corporate governance requirement relating to the establishment of the NC has been substantively addressed.

During the search for a new Director, the Board shortlists suitable candidates for consideration based on criteria which takes into consideration the roles and expertise that is required of the new Director and the needs of the Board. The potential candidates may originate from various sources such as recommendations from management and Directors, the Singapore Institute of Directors or through external search consultants.

The Independent Directors who are appointed to the Board of RHT TM are required to put themselves up for re-nomination and re-election once every three years. The re-nominated Directors are evaluated and approved by the Board, presented to Unitholders during the Annual General Meeting ("AGM") and approved by Stellant Capital Advisory Services Private Limited ("Stellant") (the substantial shareholder of RHT TM).

As mentioned under Principle 2 on Board Composition and Guidance, the Board determines annually, and as and when circumstances require, if a Director is independent. Refer to Principle 2 for more details on the independence assessment carried out by the Board for FY2019. The shareholdings of the Directors in the RHT Group and its related corporations, Board Committees served on, date of first appointment, directorships and chairmanships both present and past held over the preceding three years in other listed companies, and other principal commitments are disclosed on pages 43-45 of the Annual Report. Information on the academic and professional qualifications of the Directors can be found on pages 12-13 of the Annual Report.

None of the Board members are involved in any decision of the Board in relation to his own appointment, reappointment or assessment of independence.

The Board ensures that newly appointed Directors are aware of their duties and obligations. Refer to Principle 1 on the Board's Conduct of Affairs for more details on the induction, training and development provided to Directors.

The Board is also tasked with ascertaining if each Director, having multiple directorships, is able and has been adequately carrying out his duties as a Director. This review is performed by the Board annually and takes into consideration the Director's number of Board representations on other listed companies and other principal commitments. The Board is of the view that the number of directorships held by a Director does not determine the performance of the Director. A Director's performance is assessed based on a number of factors including their time commitment towards Board meetings and discussions, their ability to draw on their experience to contribute to the strategy and decision making required of the Board. As such, the Board is of the view that there will be no fixed limit on the number of directorships which a Director may hold but rather, the performance of each Director will be assessed as a whole.

The Board does not prohibit the appointment of Alternate Directors and monitors the ability of each Director to commit the time to discharge his duties, including attending all Board meetings. On 21 May 2019, two Alternate Directors were appointed to the Board of RHT TM.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

A formal assessment is conducted annually to determine the effectiveness of the Board as a whole, the Board Committee, as well as the contribution of the Chairman and each individual Director on the Board. The assessment is conducted using an evaluation form which is constantly updated for relevance. The Board is of the opinion that the current evaluation form is relevant and covers the necessary aspects of measuring the performance of the Board. The evaluation form seeks feedback from each Director on a confidential basis, on their views relating to:

- 1) Board composition and size;
- 2) Board and Committee process;
- 3) Board's effectiveness and training;
- 4) Board Committees;
- 5) Board Committee process;
- 6) Provision of information to the Board;
- 7) Standards of conduct;
- 8) Assessment of the financial performance of RHT; and
- 9) Board compensation.

The Board has agreed that the assessment of the Board's performance will not be conducted for FY2019 due to the reconstitution of the Board by the shareholder of the Trustee-Manager on 25 February 2019. This comes after the completion of the Disposal and the distribution of the majority of the net proceeds to Unitholders. Each individual Director has not spent sufficient time on the Board of RHT TM to objectively evaluate the effectiveness of the Board as a whole, and that of each of the Board committees and individual Directors.

REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

As mentioned under Principle 1 on the Board's Conduct of Affairs, the RC was dissolved on 25 February 2019 following the completion of the Disposal on 15 January 2019, where RHT has ceased to have any business operations and has become a cash trust. The duties of the RC will be undertaken by the Board.

The Trustee-Manager is of the view that the Board is able to undertake the functions of a RC because:

- 1) RHT does not have any business operations following the completion of the Disposal. The Board would not be overtasked if the roles and responsibilities of the RC were also undertaken by the Board.

CORPORATE GOVERNANCE REPORT

- 2) Independent Directors form at least half of the Board, including the Chairman, who is an Independent Director. As Independent Directors make up majority of the Board, there is an appropriate level of independence to ensure the objectivity and independence of the remuneration process. Any concerns over conflicts of interest can be mitigated by having the conflicted Directors abstain from the decision making process.

According to the Practice Note 4.2 issued by the SGX-ST, Rule 210(5)(a) of the SGX-ST Listing Rules does not apply to Business Trusts if the Business Trust complies with the provisions of the BTA relating to the composition of the Trustee-Manager and establishment of an audit committee. As the Trustee-Manager complies with Provision 14 and 15 of the BTA relating to composition of the Board and audit committees, the Trustee-Manager is of the opinion that the corporate governance requirement relating to the establishment of the RC have been substantively addressed.

In undertaking the function of the RC, the Board oversees the framework of remuneration and remuneration packages for each Director and Key Management Personnel ("KMP"). This covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, unit-based incentives and awards, benefits-in-kind and termination payments offered and/or to be offered by the Trustee-Manager for employment or directorship. None of the Board members are involved in any decision of the Board relating to his own remuneration.

Expert advice is sought from an appointed remuneration consultant, Aon Hewitt, in order to assist the Board in their assessment on the appropriate compensation level for KMP. A report is commissioned yearly to provide information on the remuneration paid by comparable peers in the industry. Aon Hewitt is an independent third party with no existing relationships with RHT and RHT TM. The Trustee-Manager does not engage any remuneration consultant with regard to the remuneration of its Directors.

A review of the level and structure of remuneration of the Board and KMP of RHT and RHT TM is conducted once a year. The Trustee-Manager has in place a performance based remuneration framework for its KMP. At present, the KMP of RHT TM, including the CEO, are paid a fixed yearly salary with a performance related bonus that is linked to the performance of RHT TM. Prior to the completion of the Disposal, the performance of RHT TM was linked to the performance of RHT. The main regular source of revenue earned by RHT TM was from the fees paid by RHT to RHT TM. The fees payable by RHT to RHT TM was based on (i) the value of the assets under management at RHT and (ii) the amount of Distributable Income generated at RHT. A greater growth in the value of RHT's assets and the amount of Distributable Income available for Unitholders of RHT resulted in higher revenue for RHT TM. This served to align management's interests with that of the Trust.

Due to the cash flow issues at Fortis which resulted in late Service Fee payments to RHT, the fees payable by RHT to RHT TM was also affected. Together with the impending Disposal and uncertainty of RHT and RHT TM, the Board had decided to include a one-off incentive payment to employees in FY2019, payable upon completion of the Disposal. This was to serve to retain employees until the completion of the Disposal.

The Trustee-Manager has also elected for the variable bonus to constitute a higher proportion of the total salary payable to KMP, in order to strengthen the link between the individual's performance and their remuneration. There are currently no short-term and long-term incentive schemes in place for KMP. KMP and employees of RHT TM are paid by the Trustee-Manager and not out of RHT's Trust property.

Under RHT TM's compensation structure for its Directors, Executive Directors are not paid a Director's fee while Non-Executive Directors are paid a fixed base fee as well as a variable fee for every additional role taken on by each Director. This serves to compensate the Directors according to the amount of responsibility, time and effort required for the role. In general, the Chairman of the Board and Board Committees are paid higher variable fees compared to members of the Board Committees. The Directors are paid by the Trustee-Manager and not out of RHT's Trust property.

CORPORATE GOVERNANCE REPORT

None of the Directors or employees of RHT TM are paid in the form of shares or interests in the Trustee-Manager's controlling shareholder or its related entities. There is currently no share incentive or employee share option scheme in place for KMP. There is also no scheme to encourage Non-Executive Directors to hold units in RHT.

The remuneration framework for the Non-Executive Directors is shown in the following table:

Type of Director	Base Fee	Variable Fee	
Executive Director	Not applicable	Not applicable	
Non-Executive Director	Base Fee per annum	Chairman	Member of Committee
		50% of Base Fee as Chairman of Board or ARMC	12.5% of Base Fee
		25% of Base Fee as Chairman of RC or NC ⁽¹⁾	

⁽¹⁾ The RC and NC has been dissolved with effect from 25 February 2019, following the completion of the Disposal.

The above remuneration framework for the Non-Executive Directors was dissolved on 25 February 2019 and replaced with the remuneration framework below:

Type of Director	Base Fee	Variable Fee	
Non-Executive Director	Base Fee per annum	Chairman	Member of ARMC
		40% of Base Fee as Chairman of Board	20% of Base Fee
		30% of Base Fee as Chairman of ARMC	

Non-Executive Director fees are benchmarked against the market and industry levels such that the fees are sufficient to attract, retain and motivate Directors, without being too generous to potentially compromise the independence of the Directors. The remuneration that is paid to the Directors of RHT TM are determined and paid from RHT TM (in its personal capacity) as approved by its shareholder, Stellant, and not out of RHT's Trust property.

Director fees paid or payable to each of the following Non-Executive Directors for FY2019 did not exceed S\$250,000:

- 1) Mr Vivek Mehra ⁽¹⁾;
- 2) Mr Eng Meng Leong ⁽¹⁾;
- 3) Mr Sydney Michael Hwang ⁽¹⁾;
- 4) Dr Yogendra Mathur Nath ⁽¹⁾;
- 5) Mr Peter Joseph Seymour Rowe ⁽¹⁾;
- 6) Mr Tan Bong Lin ⁽²⁾;
- 7) Dr Ronnie Tan Keh Poo ⁽²⁾; and
- 8) Dr Wong Chiang Yin ⁽²⁾.

⁽¹⁾ Resigned from the Board of RHT TM with effect from 25 February 2019.

⁽²⁾ Appointed to the Board of RHT TM with effect from 25 February 2019.

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In addition, Director Fees for the following Nominated Directors who have been nominated by Stellant to be appointed by the Board as additional Directors of RHT TM did not exceed S\$250,000 for FY2019. The Director Fees were paid directly to Stellant.

- 1) Mr Ashish Bhatia ⁽¹⁾ ;
- 2) Dr Chan Boon Kheng ⁽²⁾ ;
- 3) Mr Daljit Singh ⁽³⁾ ;
- 4) Mr Loh Min Jiann ⁽⁴⁾ ; and
- 5) Mr Meghraj Arvindrao Gore ⁽⁵⁾

⁽¹⁾ Appointed to the Board of RHT TM with effect from 21 May 2019.

⁽²⁾ Appointed to the Board of RHT TM with effect from 26 November 2018.

⁽³⁾ Appointed to the Board of RHT TM with effect from 26 November 2018. He resigned as Non-Executive and Non-Independent Director with effect from 25 February 2019.

⁽⁴⁾ Appointed to the Board of RHT TM with effect from 26 November 2018. He resigned as Non-Executive and Non-Independent Director on 21 May 2019 and was appointed as Alternate Director to Mr Ashish Bhatia on the same day. Mr Loh Min Jiann's Director Fees are tagged to Mr Ashish Bhatia.

⁽⁵⁾ Appointed to the Board of RHT TM with effect from 21 May 2019. Mr Meghraj Arvindrao Gore is an Alternate Director to Dr Chan Boon Kheng.

The Independent Directors who had resigned on 25 February 2019 had each received an ex-gratia payment to recognise their efforts and time leading up to the Disposal and for their overall contribution during the critical times in 2017 and 2018.

The following table shows the remuneration in bands of S\$250,000, of the former Executive Directors, CEO, CFO as well as KMP of the Trustee-Manager. The KMP of the Trustee-Manager is determined based on the importance of their roles in the Trustee-Manager.

Executive Directors	Remuneration Band	Fixed Salary	Bonus
Gurpreet Singh Dhillon ⁽¹⁾	S\$750,001-1,000,000	66%	34%
Pawanpreet Singh ⁽²⁾	S\$500,001- 750,000	53%	47%

⁽¹⁾ Resigned as Executive Director with effect from 25 February 2019 and as CEO with effect from 31 March 2019.

⁽²⁾ Resigned as Executive Director with effect from 26 November 2019 and as CFO with effect from 30 April 2019.

Key Management	Remuneration Band	Fixed Salary	Bonus
Paul Hoahing ⁽¹⁾	-	-	-
Tan Kang Fun ⁽²⁾	-	-	-
Tan Suan Hui ⁽³⁾	S\$ 250,001 – 500,000	53%	47%

⁽¹⁾ Appointed as CEO on 1 April 2019.

⁽²⁾ Appointed as CFO on 1 May 2019.

⁽³⁾ Resigned as Head of Compliance and Investor Relations with effect from 31 May 2019.

Dr Ramnik Ahuja who was employed as the Vice President of Research and Strategy, is the spouse of Mr Pawanpreet Singh, the former CFO and Executive Director of RHT TM. Her annual remuneration fell within the band of S\$50,000-100,000 in FY2019. Other than Dr Ramnik Ahuja, there are no other employees who are immediate family members of any Director or the CEO.

CORPORATE GOVERNANCE REPORT

The Trustee-Manager is of the view that the disclosure of the specific remuneration of KMP may lead to retention or recruitment difficulties in light of the relatively small number of trusts currently operating in Singapore. As compared to the number of listed companies in Singapore, listed trusts are relatively fewer in number and competition for talent in the trusts space may increase the risk of losing or retaining staff if such information were to be disclosed. For the same reasons, the Board has decided not to disclose the amounts and breakdown of remuneration of each individual Director and the CEO, as well as the total aggregate remuneration paid to KMP. However, their remuneration have been disclosed in bands, such that the minimum and maximum range is apparent. Furthermore, the remuneration paid to the management of RHT TM is from RHT TM, and not out RHT's Trust property. The fees paid by RHT to RHT TM are disclosed on page 34 of this Annual Report.

The CG Code 2018 encourages the disclosure of the top five KMP (who are not Directors or the CEO) on a named basis in bands of S\$250,000 as well as the total aggregate remuneration paid to key management personnel. Due to the small size of the team at the Trustee-Manager, we have chosen to only disclose the remuneration of KMP who has the authority and responsibility to assist the CEO in the strategic activities of the Trustee-Manager.

The CEO and CFO of RHT TM are currently employed on a one year contract as the Trustee-Manager is still in the process of evaluating the next steps of RHT that would be in the best interests of Unitholders. Apart from this, no other Director or key management has a contract with RHT TM that contain provisions on termination, retirement and post-employment benefits. There are also no contractual provisions to allow RHT TM to reclaim incentive components of remuneration from KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to RHT.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Having an effective and sound system of risk management and internal controls in place allows the Trustee-Manager to achieve its strategic objectives, whilst safeguarding the interests of RHT and its Unitholders. An effective risk management system allows both management and the Board to remain updated on the key risks and challenges faced by RHT. It also serves to guide the Trustee-Manager in decision making and effective allocation of resources.

In view of the above goal of having a sound system of risk management and internal controls, the Trustee-Manager has established an Internal Risk Committee ("IRC") comprising of senior management, to undertake the role of managing the system of risk management and internal controls. Under the Trustee-Manager's risk management system, the IRC was responsible for the identification of risks. Key risks are rated and the controls for mitigating the risks are evaluated. A risk register is maintained to track the rating of each key risk after the implementation of controls. Each IRC member is responsible for risks in their respective areas such as finance, operations, compliance, investments and information technology. The IRC was dissolved on 15 January 2019 following the Disposal as RHT is now a cash trust with minimal operations.

The IRC met every quarter, or as and when required, to evaluate how the risks faced by RHT might have evolved following changes in both the operating environment and internal operations of RHT. Key risk indicators are used as a means for early identification of escalating risks or indications of changes in areas that affect RHT. The key risk indicators assists management and the Board in pre-empting issues that may be developing (whether internally or externally) and which may potentially have an adverse impact on RHT. Key risk indicators also provide management and the Board with information to consider when executing strategies for RHT.

The IRC also met with the internal auditors, to compare each other's assessment of the key risks and the adequacy of the internal controls. This helps to make sure that all gaps are filled wherever possible and no key risk is inadvertently left out. Prior to the completion of the Disposal, RHT also conducted quarterly Control Self-assessment ("CSA") exercises to increase staff awareness within RHT in relation to key policies and processes, as well as to allow themselves to undertake a check on whether they have been complying with these policies and processes.

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The discussions of the quarterly IRC are put up to the ARMC at each quarter's meeting, where the ARMC will assess the effectiveness and adequacy of the system of risk management and internal controls within RHT TM. This is complemented by a quarterly report provided by the internal auditor to the ARMC on their findings, together with a quarterly report from management on the steps taken to address issues which were previously highlighted by the internal auditors. Apart from the quarterly reports by the internal auditor, the internal auditor also provides the ARMC with an annual review of the adequacy and effectiveness of RHT's internal controls, including financial, operational, compliance and information technology controls. The internal auditor will also highlight areas of enhancements, if any, to the ARMC.

Both the ARMC and the Board also receive a quarterly letter of assurance from the CEO and CFO in relation to the respective quarter and/or full year results (whichever is applicable). The letter provides assurance in terms of the proper maintenance of the financial records of RHT, that the financial statements give a true and fair view of RHT's operations and finances, and the effectiveness and adequacy of RHT's risk management and internal control systems.

After assessing the internal risk management framework that is in place, the quarterly reports from the IRC and internal auditor, as well as the annual assessment undertaken by both the internal auditor and external auditor, the ARMC and Board are in a position to comment on the adequacy and effectiveness of the internal controls and risk management framework of RHT.

Based on the ARMC's review of the internal risk management framework and internal controls which the management of RHT TM has in place, as well as the reports from the internal auditor and external auditor, and after having taken into consideration RHT's position as a cash trust, the Board with the concurrence of the ARMC, is of the opinion that RHT has in place reasonable, adequate and effective risk management and internal controls including financial, operational, compliance and information technology controls as at 31 March 2019.

However, the Board notes that the risk management framework put in place by the Trustee-Manager does not provide absolute assurance that RHT will not be affected by any unforeseen events as well as poor judgements in decision making, human errors, fraud and other irregularities.

Material Contracts

There were material contracts between RHT Group and Fortis Healthcare Limited ("FHL") for the first nine months of FY2019, up till the completion of the Disposal. Most of these contracts were entered into at the time of the listing of RHT on the SGX-ST. These material contracts are summarised within the section "Exempted Agreements" in the RHT Initial Public Offering ("IPO") prospectus which can be found on RHT's website, www.rhealthtrust.com. These exempted agreements were deemed to have been specifically approved by Unitholders upon their subscription for the units of RHT at the time of the IPO of RHT. There was another Hospital and Medical Services Agreement entered into in FY2015, between RHT Group and FHL, during the acquisition of the Mohali Clinical Establishment.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.

The members of the ARMC of RHT TM are appointed from among the Board and comprise of four members, of which, three are Independent Directors. The remaining member is a Non-Executive and Non-Independent Director. The composition of the ARMC is presented in the table below:

S/N	Name of Director	Designation on Board	Designation on ARMC
1.	Dr Ronnie Tan Keh Poo	Independent Director	Chairman
2.	Mr Ashish Bhatia	Non-Executive and Non-Independent Director	Member
3.	Mr Tan Bong Lin	Independent Director	Member
4.	Dr Wong Chiang Yin	Independent Director	Member

The members of the ARMC bring with them the recent and relevant accounting and related financial management expertise and experience. The background and qualifications of the ARMC members are set out on pages 12-13 of the Annual Report. The ARMC does not comprise members who were previously partners of the incumbent external auditors, Ernst & Young LLP (“EY”), within a period of two years commencing on the date of their ceasing to be a partner or director or EY. The ARMC also does not comprise any member who has any financial interest in EY.

The terms of reference of the ARMC are set out on page 40-42 of the Annual Report. The ARMC is given the authority to investigate any matter within its terms of reference, whenever it deems necessary. Where required, the ARMC is given full access to and co-operation by management, full discretion to invite any Director or Executive Officer to attend ARMC meetings, and reasonable resources to enable it to discharge its duties effectively.

Prior to the completion of the Disposal, RHT’s internal audit function was outsourced to KPMG Services Pte. Ltd. (“KPMG”). KPMG is guided by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The scope of the internal audit covered key aspects of RHT and RHT TM’s internal controls in the areas of finance, operations, compliance and information technology. During their appointment, KPMG was given full access to all documents, records, properties and personnel, and they reported directly to the ARMC Chairman. The engagement team was also staffed with personnel who possessed the relevant qualifications and experience.

Based on the ARMC’s review of KPMG’s internal audit plan for FY2019, the resources allocated to carrying out the plan, as well as the work done by KPMG over FY2019, the ARMC is satisfied with the adequacy, effectiveness and independence of KPMG during their appointment.

The ARMC, with the concurrence of the Board, and KPMG, had decided to suspend KPMG’s internal audit work during the third quarter of FY2019 (“3QFY2019”). This was in view of the completion of the then impending Disposal where RHT has ceased to have any business operations and will become a cash trust. The internal audit function is currently performed in-house and is staffed with personnel who possess the relevant qualifications and experience.

In FY2019, the ARMC met at least once with the external auditors and internal auditors respectively, without the presence of management.

During the year, the ARMC reviewed the quarterly and full year results of FY2019, including the adequacy of disclosures and the key changes in accounting policies applied. In the review of the financial statements, the ARMC has discussed the key audit matters with management and the external auditor. The ARMC concurs with the basis and conclusions in the auditors’ report with respect to key audit matters. Management is kept abreast of changes in the accounting standards by both the external auditors and other sources. Every year, management reviews the changes in the accounting standards applicable to RHT and briefs the ARMC and the Board about these changes.

CORPORATE GOVERNANCE REPORT

On a quarterly basis, the ARMC also reviews the reports from the internal auditors with respect to their internal audit findings, as well as the report from the IRC on changes in key risks and policies affecting RHT. Management also provides the ARMC with quarterly reports on the follow-up actions taken to resolve prior internal audit findings. In addition, management prepares a liquidity report on RHT for the ARMC's information and review. Key policies are reviewed by management on a regular basis to ensure that they are up to date and approved by the ARMC before it is presented to the Board.

All Interested Party Transactions ("IPT") are tabled during the ARMC meeting. This is in accordance with our IPT policy, which sets out the procedure whereby such transactions are identified, reported and recorded in the IPT register. The terms of the transactions, including information to support that the transactions are conducted on normal commercial terms, are also recorded in the IPT register.

Details of the IPT entered into during the course of the current financial year ending 31 March 2019 between the RHT Group and interested persons (including Fortis, Religare Enterprises Limited and their respective subsidiaries and associates) which fall under the Listing Manual of the SGX-ST are set out below:

No.	Interested Person	Nature of Transaction	Value of Transaction (S\$) ⁽¹⁾	Percentage of NTA ⁽²⁾
1.	SRL Diagnostics Limited	Revenue share from pathology operations	411,136	2.30%

⁽¹⁾ Values are converted at the end of each month as per the prevailing exchange rate at that month end.

⁽²⁾ Based on the latest audited net tangible assets of RHT as of 31 March 2019 of S\$17,912,000.

The transactions of SRL Diagnostics Limited involve the leasing out of space at various RHT Clinical Establishments to SRL Diagnostics Limited which is owned by RHC Holding Private Limited. There were no IPT entered into subsequent to the completion of the Disposal on 15 January 2019.

The role of the ARMC also includes reviewing the independence and objectivity of the external auditors. For FY2019, the ARMC noted that S\$136,000 was paid to the external auditors as audit fees and S\$44,000 was paid for non-audit services. A discussion was held with the external auditors in relation to the type of non-audit services provided, and the ARMC was satisfied with the independence of the external auditors.

The Trustee-Manager has complied with Rule 712 and 715 of the SGX-ST Listing Manual. All of RHT's foreign incorporated subsidiaries are audited by Deloitte Haskins & Sells LLP ("DHS"). The ARMC has assessed DHS and the Audit Partner's track record and capabilities in carrying out work for similar companies in India. They have also discussed with DHS, the manner in which the audit is proposed to be carried out. The ARMC is of the view that DHS is a suitable audit firm to meet the RHT Group's audit obligations.

RHT TM has established a Whistleblowing Policy to provide a channel for whistleblowers to report any actual or suspected wrongdoings, as well as to provide assurance that the whistleblower will be protected from reprisals or victimisation for whistleblowing. The Whistleblowing Policy is approved and overseen by the ARMC, and it provides an opportunity for employees and the public to raise concerns to the Head of Compliance of RHT TM and/or the Chairman of the ARMC. Investigations will commence upon the receipt of a whistleblowing report and follow up actions would be taken if necessary. There were no significant matters raised through the whistleblowing channel for FY2019.

CORPORATE GOVERNANCE REPORT

UNITHOLDER RIGHTS AND ENGAGEMENT

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Whenever a Unitholders' meeting is to be held, the notice of meeting will be disseminated to each Unitholder together with the circular and/or report, as well as published in the local newspapers and via SGXNET. Unitholders who are unable to attend the meeting are allowed to appoint up to two proxies to vote on his/her behalf at the meeting. RHT TM is not implementing absentia voting methods as we are of the opinion that the current provision for proxy voting is sufficient. Where there are separate issues to be put forth for Unitholders' approval at the general meetings, such resolutions are separate and not bundled together, unless the resolutions are interdependent and form one significant proposal.

The Trustee-Manager held one AGM and one Extraordinary General Meeting ("EGM") in FY2019, where all Board of Directors were present. The external auditors were also present at the AGM to address Unitholders' queries regarding the conduct of audit, preparation and content of the auditors' report. The EGM was held to seek Unitholders' approval on the Proposed Disposal of RHT's entire asset portfolio of clinical establishments and hospitals in India to Fortis Healthcare Limited and to approve the Proposed Trust Deed Amendments. The professionals involved such as the Independent Financial Advisor and legal counsels were present at the EGM to answer questions posed by Unitholders. Our Company Secretary prepared the minutes of the AGM and EGM, which included relevant comments or questions from Unitholders. At present, minutes of general meetings are made available for Unitholders upon request. However, moving forward, minutes of all upcoming general meetings will be made available on RHT's website.

Voting during the AGM and EGM was conducted by way of an electronic poll in order to promote greater transparency and allow exact and definitive results at the general meeting. Unitholders are briefed on rules of the AGM and EGM by the Chairman and are informed of the voting procedures by the electronic polling vendor. Unitholders are also given an opportunity to put forth any queries they may have before each resolution is put to vote. The detailed results of the AGM and EGM, which included the number of votes cast for and against each resolution, as well as presentation materials, were disclosed via the SGXNET and RHT's website.

RHT's current distribution policy is to distribute at least 95.0% of its distributable income on a semi-annual basis, for every six-month period ending 30 September and 31 March. Following the Disposal, the Trustee-Manager has distributed approximately 98% of the Net Proceeds from the Disposal. The 2.0% which was retained will be used to fund the Trust's operational requirements. The Trustee-Manager is considering various options available for RHT, including identifying any possible new business for RHT which is able to satisfy the SGX-ST's requirements for a new listing, or the winding up of RHT and distribution of any remaining cash after deducting any expenses incurred therefrom to the Unitholders. Pending that determination, the Trustee-Manager will not be making any further distribution of distributable income arising from the current assets of RHT.

The Trustee-Manager ensures that material information is disseminated to Unitholders on an accurate and timely basis, with full and complete information to enable Unitholders to make form their investment decisions. Our announcements are disseminated via the SGXNET and the RHT website. Where necessary, the announcements may also be placed in the local newspapers. There is no selective disclosure of information.

The Trustee-Manager holds analyst briefings as well as investor conference calls every quarter after the release of financial results, or when there are announcements on material corporate actions. The analyst briefings facilitate research coverage on RHT through independent analysis from the analysts. The investor calls provide investors with a great opportunity to hear from management and to have their queries answered.

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Management participates actively in investor conferences which are held in different locations throughout the year, and embark on dedicated non-deal roadshows. Reaching out to investors through such platforms enables management to obtain direct feedback from investors or analysts. The Board is in turn briefed each quarter by management on the investor conferences and investor meetings which were held, in order for them to understand the views of our investors.

RHT has in place an Investor Relations Policy which aims to provide current and potential Unitholders with accurate and timely information in accordance with best practices and rules, so as to enable them to make well-informed investment decisions. Contact details for investor related queries are also published on the RHT website. The Investor Relations Policy has been approved by the Board and is published on RHT's website.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

RHT has identified its key stakeholders based on the level of influence each stakeholder has on RHT's business decisions and RHT's level of dependence on them. Following the completion of the Disposal, RHT's key stakeholders includes investors and Unitholders as well as the Board. The following methods are taken to engage our key stakeholders:

Stakeholder	Engagement Method
Investors and Unitholders	<ul style="list-style-type: none">• Disclosure of necessary financial results, announcements, press releases and presentation slides via SGXNET and RHT's website.• Email alert subscriptions via RHT's website.• Non-deal roadshows, face-to-face meetings and conference calls.• Annual General Meetings and Extraordinary General Meetings.• Investor conference call after the release of financial results.
The Board	<ul style="list-style-type: none">• Board meetings.• Active communication between senior management and the Board.

Refer to Principle 11 and 12 on pages 31-32 of the Annual Report for more details on engagement with investors and Unitholders. Refer to Principle 1 on pages 17-20 of the Annual Report for more details on engagement with the Board.

DEALING IN UNITS

It is RHT TM's internal policy that (i) an officer of the Trustee-Manager should not deal in RHT's units on short term considerations; and (ii) the Trustee-Manager and its officers should not deal in RHT's units during the period commencing two weeks before the announcement of RHT's quarterly financial results, and one month commencing before the announcement of RHT's fourth quarter and full year results. Reminders are sent to the Board of Directors as well as the staff of RHT TM when such blackout periods for trading in RHT's units commence.

At any point in time, when any of the Directors or officers are in possession of confidential and price sensitive information, they are also reminded not to trade in the units of RHT, and to be mindful of the laws relating to insider trading at all times.

STATEMENT OF POLICIES AND PRACTICES

RHT TM, as Trustee-Manager of RHT, and the Board of Directors are responsible for safeguarding the interests of the Unitholders of RHT as a whole and managing the business of RHT. RHT TM is also required to act in the best interests of all the Unitholders of RHT as a whole, and give priority to the interests of all Unitholders of RHT over its own interests in the event of a conflict between the interests of all Unitholders as a whole and its own interests. The Trustee-Manager has implemented policies and practices in the management and governance of RHT, in order to ensure that RHT is managed in the interests of its Unitholders. The policies and

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practices include ensuring that:

- (1) **The Trust Property is properly accounted for and such property is kept distinct from the property of the Trustee-Manager held in its own capacity**

The Trustee-Manager has separate bank accounts for RHT and RHT TM and also separate accounting teams to handle the accounts of RHT and RHT TM. The Trustee-Manager also prepares separate budgets for RHT and RHT TM which are approved by the Board. Any material variances are explained to the Board. The financial accounts are audited by the external auditor and approved by the Board of RHT TM.

- (2) **Adherence to business scope**

RHT's investment mandate is to principally invest in income-yielding real estate and real estate related assets used or to be used primarily as business space³ in Asia and Australasia. The Head of Compliance within the Trustee-Manager checks that the business scope of RHT is aligned with the requirements of the Trust Deed. Any intentions for deviation will be brought to the attention of the Board of Directors and the approval of Unitholders will be sought.

- (3) **Conflict of interests**

The Promoters of the controlling shareholder of RHT TM are the same as that of FHL, which is the Sponsor of RHT⁴. As such, there may be potential conflicts of interest between RHT TM, RHT and the Sponsor. The Trustee-Manager has the following processes in place to mitigate such potential conflict of interests:

- The Board of RHT TM comprises of seven Directors, of which two are Alternate Directors. Three out of five of the Directors are independent from management and business relationships with the Trustee-Manager and from the Sponsor. Where any Director has an interest in any transaction involving the Sponsor and/or its subsidiaries, that Director will abstain from voting on the transaction. The same resolution is also required to be approved by all the Independent Directors.
- Should RHT contemplate entering into the operation and management of hospitals, which is the core business of the Sponsor, the approval of Unitholders will be sought.
- Similarly, should any Director have interest in any transaction or entity with competing interests to RHT, they would also abstain from voting on such matters.
- The CEO of RHT TM is currently also engaged by Parkway Pantai Limited ("PPL"), a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"), as a part-time Consultant for their finance and treasury function. IHH is the controlling shareholder of Fortis Healthcare Limited ("Fortis"), which is the sole shareholder of RHT TM. Fortis is also a substantial and controlling Unitholder of RHT. This might result in conflict of interests, particularly when it involves competing interests between that of RHT TM and RHT. However, any conflict of interests is mitigated by the fact that the majority of the Board is made up of Independent Directors, where all Independent Directors are required to vote in favour of any interested party transaction before it is approved. The CFO of RHT TM is dedicated to RHT TM on a full time basis and does not have any positions in an entity with competing interests to RHT.

³ Business space includes, but is not limited to, space used for information technology, information technology enabled services (includes various services ranging from call centres, claims processing, medical transcription, e- customer relationship management, supply chain management to back office operations such as accounting, data processing and data mining), high tech, science, healthcare, education, accommodation, business, industrial, logistics, warehousing and office purposes and such other supporting amenities.

⁴ Up till February 2018. Subsequent to February 2018, the Promoters are no longer the controlling shareholder of FHL, and in turn, RHT TM.

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(4) Procedures for interested party transactions

The Trustee-Manager has instituted internal controls to ensure that interested party transactions which fall below the threshold that require Unitholders approval as provided under the Listing Manual of the SGX-ST, are undertaken on normal commercial terms and are not prejudicial to the interests of the Unitholders of RHT. It is also included in the scope of the work of the internal auditor, to check on the adherence to such internal controls for interested party transactions. Further information on the processes which are in place for interested party transactions are included under the section on "Audit Committee" on page 30 of the Annual Report.

(5) Expense and cost allocation to RHT

- Fees payable to RHT TM out of Trust property are provided in the Trust Deed constituting RHT (as amended, dated 25 September 2012), as well as disclosed in the RHT IPO prospectus issued on 15 October 2012, and approved by Unitholders via subscription in the units of RHT at the time of the IPO. Should there be any change to the structure of the fees payable to the Trustee-Manager, the approval of Unitholders will be sought at a general meeting. The fees payable to RHT TM are put up to the Board for approval every half yearly. Where there are issuance of units in RHT to be made as payment of fees, the timelines for the issuance of such units strictly follow the internal timelines approved by the Board. The fees that have been charged by the Trustee-Manager out of the Trust property in FY2019 is as follows:

	Amount S\$('000)
Management Fee	13,127
Trustee Fee	244
Total Fee	13,371

- Fees and expenses charged to RHT are appropriate and in accordance with the Trust Deed. The Trust Deed specifies what kind of expenses can be charged to RHT, which RHT TM adheres to. Further information on the computation methodology for fees payable to RHT TM are provided on pages 35-38 of the Annual Report.

(6) Compliance with Business Trust Act and listing rules

The Trustee-Manager has an internal Compliance Manual which summarises all the applicable rules and regulations as well as key internal policies and processes which RHT and RHT TM need to comply with. The Compliance Manual is updated as and when there are changes in the rules and regulations, and it helps management to check that applicable rules and regulations are complied with. The Trustee-Manager has also appointed an external legal firm on a retainer basis to advise on matters related to its compliance with the Business Trusts Act and SGX listing rules.

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FEES PAYABLE TO THE TRUSTEE-MANAGER

Under the revised Code of Collective Investment Scheme (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) which took effect on 1 January 2016, where fees are payable out of the deposited property of a property fund, the methodology and justifications for each type of fees payable should be disclosed. While RHT is constituted as a Business Trust and is not required to comply with the CIS Code, management has elected to disclose the fee computation methodology in this CG report for greater transparency. All the fees below are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price.

No.	Fee Payable by RHT	Rationale for Fee
(1)	<p>Management Fee</p> <p>Base Fee The base fee (“Base Fee”) is 0.4% per annum of the value of the Trust Property⁵, and paid quarterly in arrears.</p> <p>Performance Fee The performance fee (“Performance Fee”) is 4.5% of the Distributable Income of RHT (as defined in the Trust Deed)⁶, and paid quarterly in arrears.</p> <p>The Base Fee and Performance Fee are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price.</p>	<p>The Trustee-Manager receives a Management Fee (comprising of the Base Fee and Performance Fee) from RHT for managing all aspects of RHT, including but not limited to, managing and enhancing the assets, financing needs, investor relations and ensuring regulatory compliance.</p> <p>The Base Fee increases in line with any increase in value of RHT’s assets, reflecting the increase in work load and scope with a greater volume of assets being managed. In addition, it serves to incentivise the Trustee-Manager to increase the value of the assets through asset enhancement initiatives or other means.</p> <p>The Performance Fee is pegged to the amount of Distributable Income generated at RHT for Unitholders. The ability of RHT TM to generate higher revenue and manage expenses for RHT, the higher the Distributable Income available for Unitholders of RHT. This has the effect of directly aligning the interests of the Trustee-Manager with that of the Unitholders of RHT.</p> <p>As mentioned in the 15 January 2019 announcement on the completion of the Disposal, the Trustee-Manager had elected to (a) receive 33% of the Performance Fee to which it is entitled, and (b) waive its entitlement to the remaining 67% of the Performance Fee.</p>
(2)	<p>Trustee Fee The trustee fee (“Trustee Fee”) is 0.03% per annum of the value of the Trust Property, subject to a minimum of S\$15,000 per month, and paid quarterly in arrears.</p>	<p>As RHT TM performs dual functions of both a manager and a trustee for RHT, it also charges a Trustee Fee. This Trustee Fee is pegged to the value of the assets to reflect the increase in volume and scope of work with an increase in asset value.</p>

⁵ “Trust Property” has the meaning ascribed to it in the Business Trusts Act.

⁶ “Distributable Income” means the distributable amount determined by the Trustee-Manager in accordance with the terms of the Trust Deed to be distributable for the relevant distribution period (pro-rated if applicable based on the number of months the relevant financial quarter bears to such distribution period).

CORPORATE GOVERNANCE REPORT

Any other substantial fee or charge (i.e. 0.1% or more of RHT's asset value)

No.	Fee Payable by RHT	Rationale for Fee
(3)	<p>Acquisition Fee</p> <p>The acquisition fee ("Acquisition Fee") will be:</p> <ul style="list-style-type: none"> • 0.5% of the acquisition price of the investment (pro-rated if applicable to the proportion of RHT's interest in the investment acquired) where the Sponsor Group or the Religare Group (as the case may be) has direct or indirect interests of more than 50.0% in any investment acquired directly or indirectly by RHT; and • 1.0% of the acquisition price of any investment acquired directly or indirectly by RHT (pro-rated if applicable to the proportion of RHT's interest in the investment acquired), in all other cases. <p>Notwithstanding the above, in the event that any investment is held by the Religare Group as a nominee or in a fiduciary capacity or otherwise pursuant to any contractual obligation entered into in its ordinary course of business, the Acquisition Fee payable on the acquisition of such investment by RHT (if applicable) shall be 1.0% of the acquisition price of any investment acquired directly or indirectly by RHT (pro-rated if applicable to the proportion of RHT's interest in the investment acquired).</p> <p>Any payment to third party agents or brokers in connection with the acquisition of any asset of RHT shall be paid by the Trustee-Manager to such persons out of the Trust Property of RHT, and not out of the Acquisition Fee received or to be received by the Trustee-Manager.</p>	<p>In connection with the Performance Fee, the Acquisition Fee serves to encourage the Trustee-Manager to look for yield accretive quality assets to add to the portfolio of RHT. When undertaking an acquisition, a fair amount of time and expenses are incurred due to the lengthy process involved when carrying out due diligence and the number of external professionals involved. The Acquisition Fee also serves to compensate the Trustee-Manager for the additional time and expenses outside of that incurred for day to day operating expenses. The lower divestment fees payable to investments acquired from the Sponsor Group or promoter linked companies reflect the reduced effort required in sourcing for the acquisition.</p>
(4)	<p>Divestment Fee</p> <p>The divestment fee ("Divestment Fee") will be 0.5% of the sale price of any investment sold, transferred or otherwise disposed of by RHT, whether directly or indirectly (pro-rated if applicable to the proportion of RHT's interest in the investment sold, transferred or disposed).</p> <p>Any payment to third party agents or brokers in connection with the divestment of any asset of RHT shall be paid by the Trustee-Manager to such persons out of the Trust Property of RHT, and not out of the Divestment Fee received or to be received by the Trustee-Manager.</p>	<p>Where it is deemed to be in the best interests of Unitholders, RHT TM may recommend the divestment of certain assets in the portfolio in order to unlock value. The process of undertaking a divestment incurs time and expenses, including that of appointing external professionals, in addition to the usual day to day management of the Trust. The Divestment Fee serves to compensate the Trustee-Manager for undertaking the divestment process. Management Fee arising from a smaller portfolio would serve to lower the possibility of indiscriminate selling by RHT TM.</p> <p>As mentioned in the 15 January 2019 announcement on the completion of the Disposal, the Trustee-Manager had elected to waive its entitlement to the Divestment Fee in its entirety.</p>

CORPORATE GOVERNANCE REPORT

No.	Fee Payable by RHT	Rationale for Fee
(5)	<p>Development Fee</p> <p>The development fee (“Development Fee”) will be 2.0% of the total project costs⁷ for undertaking (directly or indirectly) a Development Project on behalf of RHT incurred (pro-rated if applicable to the interest of RHT in the Development Project).</p> <p>“Development Project” means a project involving the development or redevelopment of medical and healthcare assets which are acquired or held by RHT. For the avoidance of doubt, this includes any redevelopment undertaken on the Initial Portfolio.</p>	<p>A Development Project involves the construction of new assets which is frequently carried out over a few years. Developing a project requires a dedicated project team to be assigned to oversee the project and often includes the appointment of specialised external project managers as well. The Development Fee compensates the Trustee-Manager for maintaining a separate team of personnel and the expenses related to the project over the years.</p>
(6)	<p>Asset Management Fee</p> <p>The asset management fee (“Asset Management Fee”) will be 1.0% of the total Gross Revenue⁸ for asset management services provided in respect of assets in the Trust Property, and paid quarterly in arrears.</p>	<p>In managing RHT’s assets, RHT TM incurs expenses, including but not limited to, ensuring the smooth running of assets for the operators, compliance with regulations and negotiations with vendors. This Asset Management Fee will reimburse the Trustee-Manager for such expenses incurred.</p> <p>Linking the Asset Management Fee of the Trustee-Manager to that of the gross revenue of the operator aligns the interests of the Trustee-Manager with that of the Unitholders of RHT. As a portion of RHT’s revenue is pegged to the gross revenue of the operator, a higher revenue generated by the operator results in higher revenue for RHT. This also benefits the Unitholders of RHT as the Trustee-Manager is incentivised to manage the assets in a way that generates more revenue for the operator.</p>

⁷ “Project costs” refers to the costs incurred in connection with the Development Project, including payments of additional premiums or amounts to regulatory authorities in connection with the development of the land, but shall exclude the purchase price of the land and financing costs relating to the Development Project.

⁸ “Gross Revenue” means revenue attributable to the investments forming part of the Trust Property of RHT, whether directly held by the Trustee-Manager or indirectly held by the Trustee-Manager through a holding vehicle.

CORPORATE GOVERNANCE REPORT

No.	Fee Payable by RHT	Rationale for Fee
(7)	<p>Marketing Services Fee</p> <p>Where the Trustee-Manager secures a lease (outside India) and/or service contract with any person (other than a member of the Sponsor Group) for a particular medical and healthcare asset (or part thereof) on behalf of RHT, the Trustee-Manager will be entitled to a marketing services fee ("Marketing Services Fee") of:</p> <ul style="list-style-type: none"> • One month's gross rent and/or service fee (including service charges) for securing new leases and/or service contracts or renewal of leases and/or service contracts with a lease and/or contract term of less than five years. • Two months' gross rent and/or service fee (including service charges) for securing new leases and/or service contracts or renewal of leases and/or service contracts with a lease and/or contract term of five years or more. <p>If a third party agent secures a lease (outside India) and/or service contract with any person (other than a member of the Sponsor Group) for a particular medical and healthcare asset (or part thereof) on behalf of RHT, the Trustee-Manager will be responsible for all Marketing Services Fee payable to such third party agent, and the Trustee-Manager will be entitled to a Marketing Services Fee of:</p> <ul style="list-style-type: none"> • 1.2 months' gross rent and/or service fee (including service charges) for securing new leases and/or service contracts or renewal of leases and/or service contracts with a lease and/or contract term of less than five years; and • 2.4 months' gross rent and/or service fee (including service charges) for securing new leases and/or service contracts or renewal of leases and/or service contracts with a lease and/or contract term of five years or more. <p>For the avoidance of doubt, the Marketing Services Fee includes all commission and fees payable to third party agents.</p> <p>The Marketing Services Fee may be adjusted accordingly at the time of securing or renewal of a lease and/or service contract by the Trustee-Manager or a third party agent, to be consistent with and no higher than the prevailing market rates of such Marketing Services Fee in the country where the asset is located.</p>	<p>The Marketing Services Fee is structured to incentivise the Trustee-Manager to secure leases for RHT's assets with longer lease terms and which command a higher revenue. There is also a higher Marketing Services Fee payable when it involves a new tenant due to the extra work involved in sourcing and attracting new operators for RHT's assets.</p>

CORPORATE GOVERNANCE REPORT

Board of Directors	Appointed
Mr Tan Bong Lin, Chairman	25 February 2019
Mr Ashish Bhatia, Non-Executive and Non-Independent Director	21 May 2019
Dr Chan Boon Kheng , Non-Executive and Non-Independent Director	26 November 2018
Mr Loh Min Jiann, Non-Executive and Non-Independent Director	Resigned on 21 May 2019
Dr Ronnie Tan Keh Poo, Independent Director	25 February 2019
Dr Wong Chiang Yin, Independent Director	25 February 2019
Mr Loh Min Jiann, Alternate Director to Mr Ashish Bhatia	21 May 2019
Mr Meghraj Arvindrao Gore, Alternate Director to Mr Chan Boon Kheng	21 May 2019
Mr Vivek Mehra, Non-Executive Chairman	Resigned on 25 February 2019
Mr Daljit Singh, Non-Executive and Non-Independent Director	Resigned on 25 February 2019
Mr Gurpreet Singh Dhillon, Executive Director & CEO	Resigned on 25 February 2019
Mr Pawanpreet Singh, Executive Director & CFO	Resigned on 26 November 2018
Mr Eng Meng Leong, Independent Director	Resigned on 25 February 2019
Mr Sydney Michael Hwang, Independent Director	Resigned on 25 February 2019
Dr Yogendra Nath Mathur, Lead Independent Director	Resigned on 25 February 2019
Mr Peter Joseph Seymour Rowe, Independent Director	Resigned on 25 February 2019

Board Committees & Members

Audit & Risk Management Committee	Nominating Committee ³	Remuneration Committee ³
Dr Ronnie Tan Keh Poo, Chairman	Mr Sydney Michael Hwang, Chairman ²	Mr Eng Meng Leong, Chairman ²
Mr Ashish Bhatia	Mr Vivek Mehra ²	Mr Sydney Michael Hwang ²
Mr Tan Bong Lin	Dr Yogendra Nath Mathur ²	Mr Peter Joseph Seymour Rowe ²
Dr Wong Chiang Yin		
Mr Loh Min Jiann ¹		
Mr Peter Joseph Seymour Rowe, Chairman ²		
Mr Eng Meng Leong ²		
Dr Yogendra Nath Mathur ²		

¹ Resigned on 21 May 2019.

² Resigned on 25 February 2019.

³ Dissolved with effect from 25 February 2019. This comes after the completion of the Disposal on 15 January 2019, where RHT has ceased to have any business operations and has become a cash trust.

CORPORATE GOVERNANCE REPORT

APPENDIX

TERMS OF REFERENCE OF THE AUDIT & RISK MANAGEMENT COMMITTEE ("ARMC")

Objectives

The main objective of the ARMC shall be to assist the Board in fulfilling its responsibilities as the Board of the Trustee-Manager of RHT. To achieve this goal, the ARMC shall:

1. monitor and evaluate the adequacy and effectiveness of the Trustee-Manager's internal controls;
2. review the quality and reliability of information prepared for inclusion in the financial reports of RHT;
3. nominate external auditors and review the adequacy of external audits in respect of qualifications, independence, cost, scope and performance;
4. in relation to risk management, ensure that the risk management framework is adequate and effective in the identification, measurement, monitoring and control of the Trustee-Manager's principal risks;
5. in relation to risk governance of the Trustee-Manager, determine the nature and extent of risks which the Trustee-Manager may undertake, and assess if management maintains a sound system of risk management and internal controls (including financial, operational, compliance and information technology controls); and
6. assess appropriate means to carry out its responsibility of overseeing the Trustee-Manager's risk management framework and policies.

Roles and Function

The duties and functions of the ARMC shall include the following:

Financial Reporting

1. Reviewing the significant financial reporting issues and judgements so as to consider the integrity of the financial statements of RHT and any announcements relating to the financial performance of RHT;
2. Reviewing the application and consistency of the accounting standards used. Assessing the accuracy, completeness and consistency of financial reports;
3. Reviewing the balance sheet and profit and loss account of the Trustee-Manager of RHT and the balance sheet, profit and loss account and cash flow statement of RHT submitted to it by the Trustee-Manager, and thereafter to submit them to the Board of Directors;
4. Reviewing, with the auditor of RHT:
 - i. the audit plan of RHT;
 - ii. the auditors' evaluation of the system of internal accounting controls of the Trustee-Manager of RHT;
 - iii. the auditors' audit report for RHT;
5. Reviewing audit reports (whether external or internal) to determine if deficiencies in internal controls have been identified, and appropriate and prompt remedial action has been taken by management; and
6. Reviewing the financial statements and the internal audit report. The review of the internal audit report shall be carried out at least twice a year to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with. The review shall include the examination of the nature of the transaction and its supporting documents or such other data that the ARMC deems necessary.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

1. Oversee and review the adequacy of the resources, policies and practices put in place by the Trustee-Manager to maintain compliance with the applicable legislation, the Business Trusts Act, the Business Trusts Regulations, the Code of Corporate Governance, the Listing Manual, the Trust Deed of RHT and any applicable guidelines;
2. Initiating audits of the internal controls of RHT Group as and when it deems fit to satisfy itself that the internal controls of RHT Group remain adequate and effective;
3. Reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the risk management systems and internal controls of RHT, including financial, operational, compliance and information technology controls;
4. Obtaining regular updates from management and the Company Secretary regarding compliance matters; and
5. Overseeing RHT's risk management framework and policies and assessing appropriate means to carry out its responsibility of doing so.

Internal & External Audit Processes

Internal Audit

1. Determine the scope and role of the internal audit function. Review the results of the internal audit procedures of the Trustee-Manager of RHT;
2. Approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or accounting/ auditing firm or corporation if the internal audit function is outsourced;
3. Determine if the internal audit function is adequately resourced and has appropriate standing within the company and at least annually, review the adequacy and effectiveness of the internal audit function;
4. Reviewing the activities of the internal auditors on factors such as their independence, adequate resources and appropriate standing to perform an effective role;

External Audit

1. Making recommendations to the Board on the proposals to the Unitholders of RHT on the appointment, re-appointment or removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
2. Discuss key audit matters and follow up actions with external auditors;
3. Review the audit representation letter and the external auditor's management letter;
4. Reviewing the assistance given by the officers of the Trustee-Manager to the auditor of RHT;
5. Nominating external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance, and reviewing the independence and objectivity of the external auditors. Where external auditors also supply a substantial amount of non-audit services to RHT, the ARMC should keep the nature and extent of such services under review, seeking to maintain objectivity; and
6. Meeting with external and internal auditors, without the presence of management, at least on an annual basis.

Interested Person Transactions and Conflicts of Interest

1. Reviewing the procedures put in place by the Trustee-Manager of RHT for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including Interested Person Transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property of RHT;
2. Deliberating on conflict of interest situations involving RHT;
3. Monitoring the procedures established to regulate Interested Person Transactions, including compliance with the Trustee-Manager's internal control system and the relevant provisions of the Listing Manual; and
4. Periodically reviewing the transactions constituting Interested Person Transactions to review compliance with the Trustee-Manager's internal control system and with the relevant rules of the Listing Manual. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARMC.

CORPORATE GOVERNANCE REPORT

Other areas of responsibility of the ARMC include:

1. Investigating any matters within the ARMC's terms of reference, whenever it deems necessary, where it should have full access to and cooperation by the management and full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
2. Reviewing the policy and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and review the arrangements in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken;
3. Reporting to the Board of Directors:
 - i. any inadequacies, deficiencies or matters of concern of which the ARMC becomes aware or that it suspects arising from its review of financial reporting, risk management and internal controls, internal and external audit processes and Interested Person Transactions and conflicts of interest; and
 - ii. any breach of the Business Trusts Act or any breach of the provisions of the Trust Deed of RHT, of which the ARMC becomes aware or that it suspects;
4. Reporting to the MAS if the ARMC is of the view that the Board of Directors has not taken, or does not propose to take, appropriate action to deal with a matter reported under Paragraph (3) (i) and (ii) above;
5. In addition to the functions listed above, undertaking such other functions as may be agreed to by the ARMC and the Board of Directors; and
6. Monitoring changes to regulations and accounting standards, including accounting standards and issues which have a direct impact on Financial Statements;
7. In connection with Interested Person Transactions:
 - i. reviewing at regular intervals, transactions (either (1) individually or (2) as part of a series or (3) if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of RHT's net tangible assets based on the latest audited accounts;
 - ii. reviewing and approving transactions (either (1) individually or (2) as part of a series or (3) if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of RHT's net tangible assets based on the latest audited accounts. Such transactions shall be reviewed and approved prior to such transactions being entered into, on the basis that the transactions are on commercial terms and are consistent with similar types of transactions made by the Trustee-Manager with third parties that are unrelated to the Trustee-Manager; and
 - iii. reviewing and approving transactions (either (1) individually or (2) as part of a series or (3) if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 5.0% of the value of RHT's net tangible assets based on the latest audited accounts. Such transactions will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARMC which may, as it deems fit, request advice on the transaction from independent sources or advisers. Further, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed of RHT.

CORPORATE GOVERNANCE REPORT

DIRECTORSHIPS

And other major appointments over the last 3 years

Name of Director	Current Directorships and Other Major Appointments	Past Appointments Over the Last 3 Years
Mr Tan Bong Lin	<ol style="list-style-type: none"> 1. Starhill Global REIT 2. APAC Realty Limited 	<ol style="list-style-type: none"> 1. Parkway Life REIT
Mr Ashish Bhatia	<ol style="list-style-type: none"> 1. Reliant Healthcare Consultancy Private Limited 2. Sunrise Medicare Private Limited 3. The Medical and Surgical Centre Limited 	<ol style="list-style-type: none"> 1. Fortis Emergency Services Limited 2. Fortis Hospitals Limited
Dr Chan Boon Kheng	<ol style="list-style-type: none"> 1. Parkway Healthcare Indo-China Pte. Ltd. 2. Gleneagles JPMC Sdn Bhd 3. Shanghai Rui Pu Clinic Co., Ltd 4. Shanghai Rui Ying Clinic Co., Ltd 5. Shanghai Gleneagles Hospital Management Co., Ltd 6. Shanghai Rui Xin Healthcare Co., Ltd 7. Shanghai Xin Rui Healthcare Co., Ltd 8. Shanghai Rui Hong Clinic Co., Ltd 9. Shanghai Rui Xiang Clinic Co., Ltd 10. Suzhou Industrial Park Yuan Hui Clinic Co., Ltd 11. Parkway (Shanghai) Hospital Management Ltd 12. Chengdu Rui Rong Clinic Co., Ltd 13. Shanghai Mai Kang Hospital Investment Management Co., Ltd 14. Shanghai Shukang Hospital Investment Management Co., Ltd 15. Andaman Alliance Healthcare Limited 16. Fortis Healthcare Limited 17. Lam Heng Hang Trading Co. Pte. Ltd. 18. HCA Osprey Pte, Ltd. 	<ol style="list-style-type: none"> 1. Thomson Chinese Medicine Pte. Ltd. 2. Thomson Dental Centre Pte. Ltd. 3. Thomson International Health Services Pte. Ltd. 4. Thomson Paediatric Centre Pte. Ltd. 5. Thomson Pre-Natal Diagnostic Laboratory Pte. Ltd. 6. Thomson Women Cancer Centre Pte. Ltd. 7. Thomson Women s Clinic Holdings Pte Ltd. 8. Tropicana Medical Centre (M) Sdn. Bhd. 9. TMC Biotech Sdn. Bhd. 10. TMC Women s Specialist Holdings Sdn. Bhd. 11. TMC Women s Specialist (Kuantan) Sdn. Bhd. 12. TMC Properties Sdn. Bhd. 13. TMC Lifestyle Sdn. Bhd. 14. IVF Technologies Sdn. Bhd. 15. TMC Care Sdn. Bhd.

CORPORATE GOVERNANCE REPORT

Name of Director	Current Directorships and Other Major Appointments	Past Appointments Over the Last 3 Years
Mr Loh Min Jiann	<ol style="list-style-type: none"> 1. Pantai Holdings Sdn. Bhd. 2. Pantai Diagnostics Indonesia Sdn. Bhd. 3. Pantai Hospitals Sdn. Bhd. 4. Gleneagles (Malaysia) Sdn. Bhd. 5. Pantai Group Resources Sdn. Bhd. 6. Pantai Management Resources Sdn. Bhd. 7. Pantai Medical Centre Sdn. Bhd. 8. Cheras Medical Centre Sdn. Bhd. 9. Pantai Klang Specialist Medical Centre Sdn. Bhd. 10. Syarikat Tunas Pantai Sdn. Bhd. 11. Hospital Pantai Ayer Keroh Sdn. Bhd. 12. Hospital Pantai Indah Sdn. Bhd. 13. Pantai Hospital Sungai Petani Sdn. Bhd. 14. Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. 15. Pantai Hospital Manjung Sdn. Bhd. 16. Pantai Hospital Johor Sdn. Bhd. 17. Pantai Screening Services Sdn. Bhd. 18. Pulau Pinang Clinic Sdn. Bhd. 19. GEH Management Services (M) Sdn. Bhd. 20. Pantai Premier Pathology Sdn. Bhd. 21. Pantai Integrated Rehab Services Sdn. Bhd. 22. POEM Corporate Health Services Sdn. Bhd. 23. Pantai Wellness Sdn. Bhd. 24. Oncology Centre (KL) Sdn. Bhd. 25. Orifolio Options Sdn. Bhd. 26. Amanjaya Specialist Centre Sdn. Bhd. 	Not applicable
Mr Meghraj Arvindrao Gore	<ol style="list-style-type: none"> 1. Hiranandani Healthcare Private Limited 2. Malar Stars Medicare Limited 3. The Lanka Hospitals Corporation PLC 	<ol style="list-style-type: none"> 1. Fortis Malar Hospitals Limited

CORPORATE GOVERNANCE REPORT

Name of Director	Current Directorships and Other Major Appointments	Past Appointments Over the Last 3 Years
Dr Ronnie Tan Keh Poo	<ol style="list-style-type: none"> 1. Allgreat Pte. Ltd. 	<ol style="list-style-type: none"> 1. Lippo Group International Pte. Ltd. 2. Lippo Consortium Pte. Ltd. 3. Bowsprit Capital Corporation Limited (as manager of First Real Estate Investment Trust Singapore - Chief Executive Director) 4. GOT Pte. Ltd. 5. Henley Investments Pte. Ltd. 6. Primerich Investments Pte. Ltd. 7. Lovage International Pte. Ltd. 8. Platinum Strategic Investments Pte. Ltd. 9. Ultra Investments Pte. Ltd. 10. Gold Capital Pte. Ltd. 11. Higrade Capital Pte. Ltd. 12. Kalmore Investments Pte. Ltd. 13. Kalmore (Korea) Limited 14. Raglan Investment Pte. Ltd. 15. Carmathen Investment Pte. Ltd. 16. Rhuddlan Investment Pte. Ltd. 17. Caernarfon Investment Pte. Ltd. 18. Globalink Investments Pte. Ltd. 19. Fortuna Capital Pte. Ltd. 20. Great Capital Pte. Ltd. 21. Key Capital Pte. Ltd. 22. Finura Investments Pte. Ltd. 23. Glamis Investments Pte. Ltd. 24. IAHCC Investment Pte. Ltd. 25. Surabaya Hospitals Investment Pte. Ltd. 26. Sriwijaya Investment I Pte. Ltd. 27. Sriwijaya Investment II Pte. Ltd. 28. SHKP Investment I Pte. Ltd. 29. SHKP Investment II Pte. Ltd. 30. Icon1 Holdings Pte. Ltd. 31. SHLB Investment I Pte. Ltd. 32. SHLB Investment II Pte. Ltd.
Dr Wong Chiang Yin	<ol style="list-style-type: none"> 1. Academy of Medicine, Singapore 2. SMA Charity Fund Limited 3. Outram Consultants Pte. Ltd. 4. Crisis Relief Alliance Limited 5. Outram Hill Capital Pte. Ltd. 	<ol style="list-style-type: none"> 1. Cordlife Group Limited 2. Beng Kuang Marine Limited 3. LCP Partners Pte. Ltd.



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REPORT OF THE TRUSTEE-MANAGER

For the financial year ended 31 March 2019

The Directors of RHT Health Trust Manager Pte. Ltd. and the Trustee-Manager of RHT Health Trust (the "Trust") are pleased to present their report to the Unitholders of the Trust, together with the audited consolidated financial statements of the Trust and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2019.

DIRECTORS

The Directors of the Trustee-Manager in office at the date of this report are:

Tan Bong Lin
Ashish Bhatia
Dr Chan Boon Kheng
Dr Ronnie Tan Keh Poo
Dr Wong Chiang Yin
Loh Min Jiann (Alternate Director to Ashish Bhatia)
Meghraj Arvindrao Gore (Alternate Director to Dr Chan Boon Kheng)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable the Directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures, of the Trust.

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

No director who held office at the end of the financial year end had interests in shares, share options, warrants or debentures of the Group, either at the beginning of the financial year, or date of appointments, at the end of financial year or 21 days subsequent to the financial year according to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act").

Options

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

REPORT OF THE TRUSTEE-MANAGER

For the financial year ended 31 March 2019

AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee (“ARMC”) of the Trustee-Manager during the financial year and as at the date of this report are as follows:

Dr Ronnie Tan Keh Poo	Chairman	(Appointed on 25 February 2019)
Peter Joseph Seymour Rowe	Chairman	(Resigned on 25 February 2019)
Ashish Bhatia		(Appointed on 21 May 2019)
Tan Bong Lin		(Appointed on 25 February 2019)
Dr Wong Chiang Yin		(Appointed on 25 February 2019)
Loh Min Jiann		(Appointed on 26 November 2018 and resigned on 21 May 2019)
Eng Meng Leong		(Resigned on 25 February 2019)
Dr Yogendra Nath Mathur		(Resigned on 25 February 2019)

All members of the ARMC are Non-Executive Directors and the majority of the members are independent.

The ARMC carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the ARMC has reviewed (among others):

- with the independent internal and external auditors of the Trust, the audit plan of the Group, the independent internal auditor’s evaluation of the system of internal accounting controls of the Group and the independent external auditor’s report on the consolidated financial statements of the Group for the financial year;
- the assistance given by the officers of the Trustee-Manager to the independent auditor of the Trust, the scope and results of the internal audit procedures of the Group, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the Trust Deed dated 29 July 2011 constituting the Trust, as amended and restated (the “Trust Deed”), the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of Unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and
- the balance sheet and statement of changes in Unitholders’ funds of the Trust and the consolidated financial statements of the Group for the financial year ended 31 March 2019 before their submission to the Board of Directors of the Trustee-Manager.

The ARMC, having reviewed all non-audit services provided by the independent auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditors.

Further details regarding the ARMC are disclosed in the Corporate Governance Report.

REPORT OF THE TRUSTEE-MANAGER

For the financial year ended 31 March 2019

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as independent auditor.

On behalf of the Board of Directors of the Trustee-Manager:

Tan Bong Lin
Director

Dr Chan Boon Kheng
Director

Singapore
24 June 2019

STATEMENT BY THE TRUSTEE-MANAGER

For the financial year ended 31 March 2019

In our opinion,

- (a) the consolidated statement of comprehensive income set out on pages 56 and 57 have been drawn up so as to give a true and fair view of the results of the business of the Group for the financial year ended 31 March 2019;
- (b) the balance sheets have been drawn up so as to give a true and fair view of the state of affairs of the Trust and of the Group as at 31 March 2019;
- (c) the statement of changes in Unitholders' funds set out on pages 60 and 61 are drawn up so as to give a true and fair view of the changes in Unitholders' funds of the Group and of the Trust for the year ended 31 March 2019;
- (d) the consolidated cash flow statement set out on page 62 has been drawn up so as to give a true and fair view of the cash flow of the business of the Group for the financial year ended 31 March 2019; and
- (e) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, its liabilities in respect of the Trust as and when they fall due.

In accordance with Section 86(2) of the Singapore Business Trusts Act, Chapter 31A (the "Act"), we further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed of the Trust;
- (b) the interested person transactions entered into by the Trust during the financial year ended 31 March 2019 are not detrimental to the interests of the Unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and
- (c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of the Unitholders of the Trust as a whole.

The Board of Directors of the Trustee-Manager has, on the date of this statement, authorised the above statements and these financial statements of the Group as at and for the financial year ended 31 March 2019 for issue.

On behalf of the Board of Directors of the Trustee-Manager:

Tan Bong Lin
Director

Dr Chan Boon Kheng
Director

Singapore
24 June 2019

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

For the financial year ended 31 March 2019

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

Paul Hoahing
Chief Executive Officer

Singapore
24 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RHT HEALTH TRUST

For the financial year ended 31 March 2019

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of RHT Health Trust (constituted in the Republic of Singapore pursuant to the Trust Deed) (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets of the Group and the Trust as at 31 March 2019, the statements of changes in Unitholders' funds equity of the Group and the Trust and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in Unitholders' funds of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the "Act") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 March 2019 and of the consolidated financial performance, consolidated changes in Unitholders' funds and consolidated cash flows of the Group and changes in Unitholders' funds of the Trust for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Our description of how our audit addressed the matter is provided in that context below.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Disposal of investment in subsidiaries and investment in associate

As set out in Note 15, the Group completed the disposal of its India subsidiaries, Fortis Health Management Limited, Hospitalia Eastern Private Limited, International Hospital Limited and Escorts Heart and Super Speciality Hospital Limited and its investment in associate to Fortis Healthcare Limited on 15 January 2019. The Group recorded a loss on disposal of \$23.2 million. We have determined the accounting for the disposal to be a key audit matter due to the magnitude of the transaction as well as the judgement on the tax effect of the disposal.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RHT HEALTH TRUST

For the financial year ended 31 March 2019

KEY AUDIT MATTER (CONT'D)

Disposal of investment in subsidiaries and investment in associate (cont'd)

Our audit procedures, included amongst others, reviewing the Master Purchase Agreement ("MPA") and agreeing the consideration received to the MPA and bank account. We reviewed the minutes of the Board of Director meetings in relation to the disposal to confirm the terms and conditions of the MPA. We evaluated the accuracy of the assets and liabilities of the disposed entities by agreeing these amounts to the completion accounts of these entities. In addition, our internal tax specialists assisted us in reviewing the tax opinion relating to the disposal issued by external expert engaged by the Group. We considered the objectivity, independence and expertise of the external expert. We have also tested the arithmetic accuracy by recomputing the loss on disposal. We also assessed the adequacy of the disclosure on the disposal in Note 15 to the financial statements.

OTHER INFORMATION

The Trustee-Manager is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGER FOR THE FINANCIAL STATEMENTS

RHT Health Trust Manager Pte. Ltd., the Trustee-Manager of the Trust, is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Trustee-Manager's responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RHT HEALTH TRUST

For the financial year ended 31 March 2019

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RHT HEALTH TRUST

For the financial year ended 31 March 2019

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Trust and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Companies Act, Chapter 50.

The engagement partner on the audit resulting in this independent auditor's report is Tan Soon Seng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
24 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	2019 \$'000	2018 \$'000
Continuing operations:			
Revenue:			
Other income		31	-
Total revenue		31	-
Expenses:			
Employee benefits expense	4	(187)	(139)
Trustee-Manager fees	5	(13,371)	(5,532)
Other trust expenses		(6,483)	(2,464)
Finance income	6	11,947	15,654
Finance expenses	7	(18,871)	(11,836)
Foreign exchange loss		(4,424)	(9,652)
Total expenses		(31,389)	(13,969)
Loss before changes in fair value of financial derivatives		(31,358)	(13,969)
Fair value (loss)/gain on financial derivatives		(389)	4,004
Loss before taxes	8	(31,747)	(9,965)
Income tax expense	9	(7,951)	(10,053)
Loss from continuing operations		(39,698)	(20,018)
Discontinued operations			
Profit after taxes for the period from discontinued operations	10	17,129	35,554
(Loss)/profit after taxes for the period attributable to Unitholders of the Trust		(22,569)	15,536

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	2019 \$'000	2018 \$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Foreign currency translation		(21,086)	(29,270)
- Disposal of investment in subsidiaries and associate		68,674	-
<i>Items that will not be reclassified to profit or loss</i>			
- Net surplus on revaluation of land and buildings		-	6,521
- Share of net surplus on revaluation of land and buildings of associate		-	299
- Re-measurement of defined benefit plan		(7)	(33)
Other comprehensive income for the year, net of tax		47,581	(22,483)
Total comprehensive income for the year attributable to Unitholders of the Trust		25,012	(6,947)
Earnings per unit from continuing operations attributable to Unitholders of the Trust, expressed in cents per unit			
- Basic and diluted	11	(4.89)	(2.48)
Earnings per unit attributable to Unitholders of the Trust, expressed in cents per unit			
- Basic and diluted	11	(2.78)	1.92
Attributable to:			
Unitholders of the Trust			
Total comprehensive income from continuing operations, net of taxes		(39,698)	(20,018)
Total comprehensive income from discontinued operations, net of taxes		64,710	13,071
Total comprehensive income for the year attributable to Unitholders of the Trust		25,012	(6,947)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2019

	Note	Group		Trust	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Intangible assets	12	-	86,781	-	-
Property, plant and equipment	13	-	539,011	-	-
Investment in subsidiaries	14	-	-	12,634	12,634
Investment in an associate	16	-	363,557	-	-
Loans to subsidiaries	17	-	-	-	469,245
Financial assets	18	-	17,290	-	-
Deferred tax assets	19	-	15,785	-	-
Other assets	20	-	23,846	-	-
Total non-current assets		-	1,046,270	12,634	481,879
Current assets					
Inventories		-	119	-	-
Financial assets	18	103	42,963	40	68,747
Trade receivables	21	-	19,290	-	-
Other assets		357	1,060	356	700
Derivative financial instruments	26	-	389	-	-
Cash and cash equivalents	22	19,324	8,047	15,789	18
Total current assets		19,784	71,868	16,185	69,465
Total assets		19,784	1,118,138	28,819	551,344
LIABILITIES					
Non-current liabilities					
Loans and borrowings	23	-	146,527	-	-
Other liabilities	25	-	18,749	-	-
Deferred tax liabilities	19	-	89,046	-	-
Total non-current liabilities		-	254,322	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2019

	Note	Group		Trust	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current liabilities					
Loans and borrowings	23	-	181,370	-	120,742
Trade and other payables	24	-	6,417	-	-
Other liabilities	25	1,872	13,492	294,696	3,013
Total current liabilities		1,872	201,279	294,696	123,755
Net current assets/(liabilities)		17,912	(129,411)	(278,511)	(54,290)
Total liabilities		1,872	455,601	294,696	123,755
Net assets/(liabilities)		17,912	662,537	(265,877)	427,589
UNITHOLDERS' FUNDS					
Units in issue	27	522,247	520,191	522,247	520,191
Capital reserve	28	210,216	210,216	-	-
Foreign currency translation reserve	28	-	(47,588)	-	-
Revaluation reserve	28	-	48,944	-	-
Capital redemption reserve	28	-	(85)	-	-
Accumulated losses		(714,551)	(69,141)	(788,124)	(92,602)
Total Unitholders' funds		17,912	662,537	(265,877)	427,589

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 March 2019

Group	Note	Units in issue (Note 27) \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Other reserve \$'000	(Accumulated losses)/ revenue reserve \$'000	Total \$'000
At 1 April 2017		518,114	210,216	(18,318)	43,096	(52)	(56,682)	696,374
Profit for the year		-	-	-	-	-	15,536	15,536
<u>Other comprehensive income</u>		-	-	(29,270)	-	-	-	(29,270)
- Foreign currency translation		-	-	-	5,549	-	972*	6,521
- Net surplus on revaluation of land and buildings		-	-	-	-	(33)	-	(33)
- Re-measurement of defined benefit plan		-	-	-	-	-	-	-
- Share of net surplus on revaluation of land and buildings of associate		-	-	-	299	-	-	299
Other comprehensive income for the year, net of tax		-	-	(29,270)	5,848	(33)	972	(22,483)
Total comprehensive income for the year		-	-	(29,270)	5,848	(33)	16,508	(6,947)
Payment of Trustee-Manager fees in units		2,077	-	-	-	-	-	2,077
Distribution on units in issue	35	-	-	-	-	-	(28,967)	(28,967)
At 31 March 2018 and 1 April 2018		520,191	210,216	(47,588)	48,944	(85)	(69,141)	662,537
Profit for the year		-	-	-	-	-	(22,569)	(22,569)
<u>Other comprehensive income</u>		-	-	(21,086)	-	-	-	(21,086)
- Foreign currency translation		-	-	-	(758)	-	758*	-
- Net surplus on revaluation of land and buildings		-	-	-	-	(7)	-	(7)
- Re-measurement of defined benefit plan		-	-	-	-	-	-	-
- Reclassification on disposal of investment in subsidiaries and associate		-	-	68,674	(48,186)	92	48,094	68,674
Other comprehensive income for the year, net of tax	15	-	-	47,588	(48,944)	85	48,852	47,581
Total comprehensive income for the year		-	-	47,588	(48,944)	85	26,283	25,012
Payment of Trustee-Manager fees in units		2,056	-	-	-	-	-	2,056
Distribution on units in issue	35	-	-	-	-	-	(671,693)	(671,693)
At 31 March 2019		522,247	210,216	-	-	-	(714,551)	17,912

* Relates to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 March 2019

	Note	Units in issue (Note 27) \$'000	(Accumulated losses)/ revenue reserve \$'000	Total \$'000
Trust				
At 1 April 2017		518,114	(79,587)	438,527
Profit for the year, representing total comprehensive income for the financial year		-	15,952	15,952
Distribution on units in issue	35	-	(28,967)	(28,967)
Payment of Trustee-Manager fees in units		2,077	-	2,077
At 31 March 2018 and 1 April 2018		520,191	(92,602)	427,589
Loss for the year, representing total comprehensive income for the financial year		-	(23,829)	(23,829)
Distribution on units in issue	35	-	(671,693)	(671,693)
Payment of Trustee-Manager fees in units		2,056	-	2,056
At 31 March 2019		522,247	(788,124)	(265,877)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2019

	Note	2019 \$'000	2018 \$'000
Cash flow from operating activities			
Loss before tax from continuing operations		(31,747)	(9,965)
Profit before tax from discontinued operations	10	11,852	45,272
(Loss)/profit before tax		(19,895)	35,307
Adjustments for:			
Depreciation and amortisation		8,492	11,877
Finance income		(12,525)	(15,904)
Finance expenses		23,751	20,899
Unrealised loss on financial assets		-	(103)
Fair value loss/(gain) on financial derivatives		389	(4,004)
Loss on disposal of investment in subsidiaries and associate	10	23,182	-
Gain/(loss) on sales of investment		256	(93)
Share of results of an associate		(8,231)	(10,532)
Allowance for/(write-back of) impairment of trade receivables		106	(22)
Foreign currency alignment		4,372	6,319
Operating cash flow before working capital changes		19,897	43,744
Changes in working capital:			
Decrease/(increase) in trade receivables		15,897	(9,741)
Decrease/(increase) in financial assets and other assets		2,300	(1,163)
Decrease/(increase) in inventories		9	(24)
Increase/(decrease) in trade and other payables and other liabilities		470	(3,271)
Cash flow generated from operations		38,573	29,545
Interest received		22,582	13,972
Tax paid		(19,684)	(5,858)
Net cash generated from operating activities		41,471	37,659
Cash flow from investing activities			
Purchase of intangible assets	12	-	(5)
Purchase of property, plant and equipment	13	(3,381)	(14,813)
Net cash flow from disposal of investment in subsidiaries and associate	15	885,666	-
Sale/(purchase) of short term investments		11,883	(27,789)
Net cash generated from/(used in) investing activities		894,168	(42,607)
Cash flow from financing activities			
Distribution paid to Unitholders	35	(671,693)	(28,967)
Interest paid		(18,118)	(14,255)
Repayment of borrowings		(234,210)	(114,659)
Proceeds from borrowings		-	163,681
Net cash (used in)/generated from financing activities		(924,021)	5,800
Net increase in cash and cash equivalents		11,618	852
Effect of exchange rate changes on cash and cash equivalents		(341)	(51)
Cash and cash equivalents at beginning of period		8,047	7,246
Cash and cash equivalents at end of year	22	19,324	8,047

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

1. GENERAL INFORMATION

RHT Health Trust (the "Trust") is a business trust registered with the Monetary Authority of Singapore and domiciled in Singapore. The Trust was constituted by the Trust Deed and is regulated by the Business Trusts Act, Chapter 31A of Singapore. Under the Trust Deed, RHT Health Trust Manager Pte. Ltd. (the "Trustee-Manager") has declared that it will hold all the assets (including businesses) acquired on trust for the Unitholders of the Trust. The registered office of the Trustee-Manager is located at 9 Battery Road, #15-01 MYP Building, Singapore 049910. The principal place of business of the Trustee-Manager is located at 302 Orchard Road #09-03/04 Tong Building, Singapore 238862.

The principal activity of the Trust is investment holding of real estate and real estate related assets used primarily as business space in Asia and Australia. The principal activities of the subsidiaries of the Trust are set out in Note 14.

The Trust was admitted to the Official List of the Main Board of Singapore Exchange Securities Trading Limited on 19 October 2012.

On 15 January 2019, the Trust completed the disposal of its subsidiaries and associate in India, including its entire portfolio of clinical establishments and hospitals (the "Disposal of investment in subsidiaries and associate" or the "Disposal"). As the Trust has ceased to have any operating business and its assets consist wholly or substantially of cash, the Trust is now deemed to be a cash trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

All financial information is presented in Singapore Dollars (SGD or \$) and has been rounded to the nearest thousand (\$'000), unless otherwise stated.

2.2 *New accounting standards effective on 1 April 2018*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on 1 April 2018, including IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *New accounting standards effective on 1 April 2018 (cont'd)*

Standards, Amendments and Interpretations issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 16 <i>Leases</i>	1 January 2019
IFRIC INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to IFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Annual Improvements to FRSs 2015-2017 Cycle	1 January 2019
Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Group expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.3 *Basis of consolidation and business combination*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 *Basis of consolidation and business combination (cont'd)*

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the Unitholders of the Trust. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's Cash-Generating Units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 *Basis of consolidation and business combination (cont'd)*

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

The CGU to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method.

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- No amount is recognised for goodwill; and
- Any difference between the consideration paid by the Trust and the share capital of the subsidiary will be reflected within the equity of the Group as capital reserve.

2.4 *Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In the statement of comprehensive income of the current reporting period, and of the comparative period, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations.

2.5 *Foreign currency*

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Trust's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign currency (cont'd)

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of the revaluation. Valuations for land and buildings are performed annually to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

A revaluation surplus is recognised in other comprehensive income and accumulated to the asset revaluation reserve in equity. However, to the extent it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus of the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 *Property, plant and equipment (cont'd)*

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	2 to 90 years
Buildings	24 to 45 years
Medical equipment	1 to 15 years
Plant and machinery	6 to 20 years
Furniture and fittings	1 to 15 years
Office equipment	1 to 4 years
Computers	2 to 6 years
Vehicles	1 to 5 years

Assets under construction are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2.7 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as below:

Customer related intangible	30 years
Right to use "Fortis" brand	15 years
Goodwill	Indefinite
Other intangibles	3 years

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Intangible assets (cont'd)*

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.8 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

The subsequent measurement of financial assets depends on their classification as follows:

Subsequent measurement

(i) Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments are:

- Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

- Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

(i) Financial liabilities carried at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.10 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Group assesses on a forward-looking basis the ECL associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. These include bank overdrafts that form an integral part of the Group's cash management. Fixed deposits with banks with original maturity for less than three months are considered as cash and cash equivalents. Pledged fixed deposits do not form part of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Inventories

Inventories of medical consumables, drugs and stores and spares are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs incurred to make the sale.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing cost commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 Employee benefits

(a) Defined contribution plans

The entities within the Group located in India make contributions to the Statutory Provident Fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, India. Provident Fund is a defined contribution scheme and the contributions are charged to the profit or loss of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the fund.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Service fee

The base service income arising from the provision of Clinical Establishments Services is accounted for on a straight-line basis over the term of the arrangement. Service income relating to out-patient and day care medical and healthcare services ("OPD"), radiology and maintenance services are recognised in the profit or loss when such services are rendered. The variable performance linked fee is recognised when the Group becomes entitled to payment as per the terms of the arrangement.

The Group's subsidiaries provide the following services to Fortis Healthcare Limited ("FHL") group of companies (collectively, the "Clinical Establishment Services"):

- (a) making available and maintaining the Clinical Establishment to allow FHL group of companies to operate and manage a full-fledged full service secondary, tertiary or quaternary hospital (as the case may be);
- (b) the undertaking, provision, running, operation and management of the OPD Services; and
- (c) the provision, running, operation and management of the Radio Diagnostic Services.

Hospital income

Hospital income is recognised when services are rendered to the patients in the two Operating Hospitals.

Lease income

Lease income is recognised in profit or loss on a straight-line basis and over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Revenue (cont'd)

Lease income (cont'd)

Lease income is rental revenue earned from the space utilised as amenities such as pharmacy, cafeteria, book shop, Automated Teller Machines ("ATMs") and other amenities for patients and/or other attendant conveniences.

Dividend income

Dividend income is recognised when the Group's rights to receive the payment is established.

Interest income

Interest income is recognised using the effective interest method.

2.18 Taxes

(i) *Current income tax*

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Taxes (cont'd)

(ii) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(iii) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

(iv) *Minimum Alternate Tax ("MAT")*

MAT paid in a year is initially charged to the profit or loss as current tax. The Group then recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under the Indian Income Tax Act, 1961, the said asset is created by way of credit to the profit or loss and shown as "MAT Credit Entitlement". The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent where the Group does not have convincing evidence that it will pay income tax during the specified period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 *Segment reporting*

The Group is primarily involved in the provision of Clinical Establishment services to the operators of each hospital in each Clinical Establishment. As the rendering of services to patients in earning of hospital income is not material, no separate business segment has been disclosed.

No geographical segment information has been prepared as the Group's assets and operations are all located in India.

2.20 *Discontinued operations*

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

2.21 *Unitholders' funds*

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets.

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

2.22 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.24 *Associate*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from the associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in the associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements requires the Directors to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

3.1 Judgments

Accounting for service agreement

Clinical Establishment is defined as a fully centrally air-conditioned institution established and specifically customised and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

- (i) doctors and services for diagnosis and treatment for illness, disease, injury, deformity and/or abnormality;
- (ii) diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and
- (iii) beds for in-patient treatment.

The Group has entered into separate Hospital and Medical Services Agreements ("HMSAs") with FHL group of companies wherein the Group is required to provide and maintain the Group's Clinical Establishments along with other services like out-patient diagnostic and radio diagnostic services. The Group needs to exercise judgment to analyse whether the arrangement involves providing the right to use the Group's Clinical Establishments and whether the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the overall arrangement. The Group has analysed the substance of the contract and have determined that fulfilment of service arrangement is based on the use of specified assets and conveys right to use the Group's Clinical Establishments. However, substantial risk and rewards of the Group's Clinical Establishments are retained by the Group even though rights to use are given to FHL group of companies. The Group has assessed that the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the entire arrangement. Consequently, the Group's Clinical Establishments have been classified as part of property, plant and equipment.

4. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019	2018
	\$'000	\$'000
Salaries, bonus and other benefits	174	128
Statutory Provident Fund contributions	13	11
	187	139

5. TRUSTEE-MANAGER FEES

	Group	
	2019	2018
	\$'000	\$'000
Management fees	13,127	5,261
Trustee fees	244	271
	13,371	5,532

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

5. TRUSTEE-MANAGER FEES (CONT'D)

Under the Trust Deed, the Trustee-Manager is entitled to the following:

Management fees

Base fee

The Base fee (the "Base fee") is 0.4% (2018: 0.4%) per annum of the value of the net assets of the Group pursuant to the Trust Deed.

Performance fee

The Performance fee ("Performance fee") is 4.5% (2018: 4.5%) per annum of Distributable Income of the Group pursuant to the Trust Deed for the relevant financial year.

In 2019, a special distribution was declared upon completion of the Disposal of investment in subsidiaries and an associate. The Trustee-Manager is entitled to receive a Performance fee of 4.5% of the Distributable amount determined by the Trustee-Manager to be distributed to the Unitholders and a divestment fee of 0.5% of the Consideration of the Disposal of investment in subsidiaries and associate. The Trustee-Manager had elected to receive 33% of the Performance Fee to which it is entitled and waived its entitlement of the remaining 67% of the Performance Fee and the Divestment Fee in its entirety. The Performance Fee amounted to \$9.2 million.

Trustee fees

The Trustee fee is 0.03% (2018: 0.03%) per annum of the value of the net assets of the Group, subject to a minimum of \$15,000 (2018: \$15,000) per month, excluding out-of-pocket expenses.

6. FINANCE INCOME

	Group	
	2019	2018
	\$'000	\$'000
Interest income from fixed deposits	375	12
Interest income from Compulsorily Convertible Debentures ("CCDs")	11,572	15,640
Others	-	2
	11,947	15,654

7. FINANCE EXPENSES

	Group	
	2019	2018
	\$'000	\$'000
Interest on borrowings	18,834	10,943
Consent Solicitation Expense ("CSE")	-	850
Bank charges	37	43
	18,871	11,836

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

8. LOSS BEFORE TAXES FROM CONTINUING OPERATIONS

The following items have been included in arriving at loss before taxes from continuing operations:

	Group	
	2019	2018
	\$'000	\$'000
Audit fees paid to:		
Auditor of the Trust	136	136
Non-audit fees paid to:		
Auditor of the Trust	62	39
Other auditors	573	200
Legal and other professional fees	5,241	2,049

9. INCOME TAX EXPENSE

Major components of income tax expense

	Group	
	2019	2018
	\$'000	\$'000
Consolidated profit or loss:		
Current income tax		
<i>Continuing operations:</i>		
- Current income taxation	7,960	10,034
- (Over)/under provision in previous year	(9)	19
Deferred tax expense		
<i>Continuing operations:</i>		
- Origination and reversal of temporary differences	-	-
Income tax expense attributable to continuing operations	7,951	10,053
Income tax (credit)/expense attributable to discontinued operations (Note 10)	(5,277)	9,718
Income tax expense recognised in profit and loss	2,674	19,771
Statement of comprehensive income:		
Deferred tax expense related to other comprehensive income		
- Net surplus on revaluation of land and buildings	-	678

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

9. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 2018 is as follows:

	Group	
	2019 \$'000	2018 \$'000
(Loss)/profit before taxes		
- continuing operations	(31,747)	(9,965)
- discontinued operations	11,852	45,272
Total	(19,895)	35,307
Tax at the domestic rates applicable to profits in the countries where the Group operates	(7,451)	23
Adjustments:		
Income not subject to taxation	(10,396)	(21,510)
Non-deductible expenses	23,112	28,131
Deferred tax assets not recognised	3,817	1,950
(Over)/under provision in previous year	(14,336)	19
Withholding tax	7,928	10,541
Change in tax rate*	-	617
Tax expense recognised in profit or loss	2,674	19,771

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The domestic tax rates for the entities in India range from 29.12% to 34.994% and Singapore at 17.0% (2018: 34.608% and 17.0%) respectively.

* There was a change in domestic tax rate in India to 34.944% with effect from 1 April 2018 onwards. The revised rate has been used to compute the deferred tax for the year ended 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

10. DISCONTINUED OPERATIONS

On 15 January 2019, the Trust completed the Disposal of investment in subsidiaries and associate, including its entire portfolio of clinical establishments and hospitals in India.

Statement of comprehensive income disclosures

The results of the disposed subsidiaries are as follows:

	Group	
	1 April 2018 to 14 January 2019 \$'000	1 April 2017 to 31 March 2018 \$'000
Revenue	71,146	96,006
Expense	(44,343)	(61,266)
Share of results of associate	8,231	10,532
Loss on the disposal of investment in subsidiaries and associate	(23,182)	-
Profit from discontinued operations	11,852	45,272
Income tax credit/(expense) (Note 9)	5,277	(9,718)
Profit for the period	17,129	35,554

Cash flow statements disclosures

The cash flows attributable to the subsidiaries and associate being disposed off are as follows:

	Group	
	1 April 2018 to 14 January 2019 \$'000	1 April 2017 to 31 March 2018 \$'000
Operating	60,106	46,910
Investing	8,502	(42,607)
Financing	(7,852)	(21,767)
Net cash inflow/(outflow)	60,756	(17,464)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

11. EARNINGS PER UNIT

The calculation of basic and diluted earnings per unit is based on the weighted average number of units outstanding during the financial year and (loss)/profit after taxes attributable to the Unitholders of the Trust.

	Group		Group		Total	
	Continuing Operations		Discontinued Operations			
	2019	2018	2019	2018	2019	2018
(Loss)/profit for the financial year attributable to Unitholders of the Trust (\$'000)	(39,698)	(20,018)	17,129	35,554	(22,569)	15,536
Weighted average number of units during the financial year ('000)	810,663	807,574	810,663	807,574	810,663	807,574
Basic and diluted earnings per unit (in cents per unit)	(4.89)	(2.48)	2.11	4.40	(2.78)	1.92

Diluted earnings per unit is the same as the basic loss per unit as there are no dilutive instruments in issue during the financial year.

12. INTANGIBLE ASSETS

	Customer related intangible \$'000	Right to use "Fortis" brand \$'000	Goodwill \$'000	Other intangibles \$'000	Total \$'000
Group					
Cost:					
At 1 April 2017	50,612	945	51,014	99	102,670
Additions	-	-	-	5	5
Currency translation differences	(3,310)	(62)	(3,337)	(6)	(6,715)
At 31 March 2018 and 1 April 2018	47,302	883	47,677	98	95,960
Disposal of investment in subsidiaries and associate (Note 15)	(44,936)	(839)	(45,293)	(92)	(91,160)
Currency translation differences	(2,366)	(44)	(2,384)	(6)	(4,800)
At 31 March 2019	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. INTANGIBLE ASSETS (CONT'D)

	Customer related intangible \$'000	Right to use "Fortis" brand \$'000	Goodwill \$'000	Other intangibles \$'000	Total \$'000
Group					
Accumulated amortisation:					
At 1 April 2017	7,653	293	-	84	8,030
Amortisation	1,673	63	-	7	1,743
Currency translation differences	(567)	(22)	-	(5)	(594)
At 31 March 2018 and 1 April 2018	8,759	334	-	86	9,179
Amortisation	1,231	48	-	-	1,279
Disposal of investment in subsidiaries and associate (Note 15)	(9,531)	(363)	-	(81)	(9,975)
Currency translation differences	(459)	(19)	-	(5)	(483)
At 31 March 2019	-	-	-	-	-
Net carrying amount:					
At 31 March 2018	38,543	549	47,677	12	86,781
At 31 March 2019	-	-	-	-	-

Customer related intangible arises from the HMSAs which the Hospital Services Companies of the Group entered into with various FHL group of companies to provide medical and Clinical Establishment services. These Hospital Services Companies will receive Service Fees in consideration of the performance of the medical and Clinical Establishment services. Customer related intangible had an average remaining amortisation period of 24 years in 2018. Customer related intangible was disposed during the year.

The two Operating Hospitals held by the Group, namely, Rajajinagar and Nagarbhavi operate under the "Fortis" brand name. These rights to use "Fortis" brand were transferred as part of the acquisition of subsidiaries and the two Operating Hospitals continued to use the "Fortis" brand name. These rights to use the "Fortis" brand had an average remaining amortisation of 9 years in 2018. These rights to use the "Fortis" brand were disposed during the year.

The goodwill of \$42.7 million as at 31 March 2018 arose on account of the requirement to recognise deferred tax liability, calculated as a difference between the tax effect of the fair value of the acquired assets and liabilities and their tax bases. Balance goodwill of \$5.0 million as at 31 March 2018 comprised the value of synergies arising from the acquisition. The goodwill was disposed during the year.

Other intangibles represent existing software and licenses that were acquired by the subsidiaries prior to the acquisition. Other intangibles have been fully amortised in the year (2018: average remaining amortisation period of less than 1 year).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to CGU, which are the entities providing medical and Clinical Establishment services, for impairment testing as follows:

The carrying amounts of goodwill allocated to each CGU are as follows:

	2019 \$'000	2018 \$'000
Escorts Heart and Super Speciality Hospital Limited	–	12,312
International Hospital Limited	–	35,300
Fortis Health Management Limited	–	65
	–	47,677

The recoverable amount as at 31 March 2018 was determined based on a value-in-use calculation by applying equal weight to cash flow projections from financial budgets approved by the management of the Trustee-Manager covering a period of more than five years and market approach by estimating value from an analysis of actual transaction or offerings for economically comparable assets or businesses available as of valuation date. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond forecast period are 10.5% and 3.5%. The discounted cash flow projections derived from the financial budgets approved by the Trustee-Manager cover a period of more than five years because of the long-term nature of the HMSAs. For market approach, the valuers analysed the trading multiples of companies that are comparable to respective Clinical Establishment and made adjustment for the Group structure.

The value-in-use calculations are most sensitive to the following assumptions:

Cash Flow Projection

Growth rates – These are based on the contractual rate for the base fee in the HMSAs and management's expectation of market development supported by industry research.

Operating costs – These are based on management's expectation of market development supported by industry research.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. INTANGIBLE ASSETS (CONT'D)

Market Approach

Revenue and earnings before interest, tax, depreciation and amortisation ("EBITDA") multiplier – The multiples derived was based on the historical and forward looking multiples of the selected comparable companies, taking into consideration factors unique to the CGU including recent operating results, business plan and projections, anticipated future growth and cash flows.

Sensitivity to changes in assumption

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of entities to exceed its recoverable amount.

No impairment was considered necessary for the financial year ended 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land		Leasehold land		Buildings		Plant and machinery		Medical equipment		Furniture and fittings		Office equipment		Computers		Vehicles		Assets under construction		Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Cost or valuation:																							
At 1 April 2017	238,061	109,515	159,148	25,968	17,389	1,029	261	180	90	27,051	578,692												
Additions	-	-	-	-	-	-	-	-	-	16,344	16,344												
Reclassification	-	-	3,754	882	549	17	34	57	-	(5,293)	-												
Revaluation	4,253	1,734	1,185	-	-	-	-	-	-	-	7,172												
Write-off	-	-	(6)	(81)	(51)	(26)	(3)	(3)	-	-	(170)												
Disposal	-	-	-	(9)	(1)	-	-	-	-	-	(10)												
Elimination of accumulated depreciation on revaluation	-	(1,383)	(4,521)	-	-	-	-	-	-	-	(5,904)												
Currency translation differences	(15,572)	(7,164)	(10,410)	(1,704)	(1,138)	(68)	(17)	(12)	(5)	(1,768)	(37,858)												
At 31 March 2018 and 1 April 2018	226,742	102,702	149,150	25,056	16,748	952	275	222	85	36,334	558,266												
Additions	-	-	-	-	-	-	-	-	-	4,453	4,453												
Reclassification	-	-	119	185	155	8	27	4	-	(498)	-												
Write-off	-	-	(11)	-	-	(1)	-	-	-	-	(12)												
Disposal of investment in subsidiaries and associate (Note 15)	(215,403)	(97,585)	(141,862)	(23,988)	(16,066)	(912)	(288)	(215)	(81)	(38,481)	(534,881)												
Currency translation differences	(11,339)	(5,117)	(7,396)	(1,253)	(837)	(47)	(14)	(11)	(4)	(1,808)	(27,826)												
At 31 March 2019	-	-	-	-	-	-	-	-	-	-	-												

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land		Leasehold land		Plant and machinery		Medical equipment		Furniture and fittings		Office equipment		Vehicles		Assets under construction		Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
Accumulated depreciation:																		
At 1 April 2017	-	-	-	7,510	8,508	378	116	95	11	-	-	-	-	-	-	-	16,618	
Depreciation charge	-	1,440	4,712	1,971	1,852	75	50	26	8	-	-	-	-	-	-	-	10,134	
Write-off	-	-	(6)	(42)	(35)	(16)	(3)	(3)	-	-	-	-	-	-	-	-	(105)	
Disposal	-	-	-	(5)	(1)	-	-	-	-	-	-	-	-	-	-	-	(6)	
Elimination of accumulated depreciation on revaluation	-	(1,440)	(4,706)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,146)	
Currency translation differences	-	-	-	(568)	(628)	(27)	(9)	(7)	(1)	-	-	-	-	-	-	-	(1,240)	
At 31 March 2018 and 1 April 2018	-	-	-	8,866	9,696	410	154	111	18	-	-	-	-	-	-	-	19,255	
Depreciation charge	-	1,077	3,529	1,469	1,019	52	39	22	6	-	-	-	-	-	-	-	7,213	
Write-off	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	
Disposal of investment in subsidiaries and associate (Note 15)	-	(1,077)	(3,528)	(9,865)	(10,212)	(441)	(185)	(127)	(23)	-	-	-	-	-	-	-	(25,458)	
Currency translation differences	-	-	-	(470)	(503)	(21)	(8)	(6)	(1)	-	-	-	-	-	-	-	(1,009)	
At 31 March 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net carrying amount:																		
At 31 March 2018	226,742	102,702	149,150	16,190	7,052	542	121	111	67	36,334	539,011							
At 31 March 2019	-	-	-	-	-	-	-	-	-	-	-							

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Net cash flow on additions to property, plant and equipment

During the year, additions to property, plant and equipment of the Group amounted to \$4.4 million (2018: \$16.3 million) of which \$2.6 million (2018: \$3.2 million) was payable as at 14 January 2019. Net cash outflow on purchase of property, plant and equipment for the year ended 31 March 2019 amounted to \$5.0 million (2018: \$14.8 million) which include interest paid of \$1.6 million (2018: \$Nil).

Revaluation of land and buildings

All the assets were disposed as at 31 March 2019, as such no revaluation was performed.

In 2018, the Group engaged Cushman & Wakefield India Private Limited ("C&W"), an independent valuer to determine the fair value of land and buildings. Fair value of land was determined by the direct comparison approach. Valuations performed by the valuers were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

If the land were measured using the cost model, the carrying amount would be as follows:

	Group	
	2019	2018
	\$'000	\$'000
Land at 31 March		
Cost	-	253,252
Accumulated depreciation	-	(5,222)
Net carrying amount	-	248,030

Fair value of buildings was determined based on the depreciated replacement cost method. Valuations performed by the valuer were based on the current replacement cost of the buildings and adjusted for their remaining economic life. The replacement cost of each building was based on the physical asset survey performed by C&W as of 31 March 2018 and adjusted based on current market trends. The remaining economic life of the buildings had been assessed by C&W based on visual inspection of the buildings.

If the buildings were measured using the cost model, the carrying amount would be as follows:

	Group	
	2019	2018
	\$'000	\$'000
Buildings at 31 March		
Cost	-	127,247
Accumulated depreciation	-	(13,383)
Net carrying amount	-	113,864

The Group had recognised certain land which title deeds had yet to be registered in or transferred to the name of the subsidiaries concerned as effective economic benefits associated with the land which had flown to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14. INVESTMENT IN SUBSIDIARIES

	Trust	
	2019	2018
	\$'000	\$'000
Investments, unquoted equity shares at cost	12,634	12,634

	Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
				2019	2018
<i>Held by the Trust</i>					
(1)	THR Infrastructure Pte. Ltd. ("THRIPL") (previously known as Fortis Global Healthcare Infrastructure Pte. Ltd.)	Provision of consultancy and management services and that of an investment holding company	Singapore	100	100
<i>Held through subsidiaries:</i>					
(2) (3)	Fortis Health Management Limited ("FHML")	Provision of medical and Clinical Establishment services	India	–	100
(2) (3)	Hospitalia Eastern Private Limited ("HEPL")	Provision of medical and Clinical Establishment services	India	–	100
(2) (3)	International Hospital Limited ("IHL")	Provision of medical and Clinical Establishment services	India	–	100
(2) (3)	Escorts Heart and Super Speciality Hospital Limited ("EHSSHL")	Provision of medical and Clinical Establishment services	India	–	100
(1)	THR Services Pte. Ltd. ("THRSPL") (previously known as RHT Health Trust Services Pte. Ltd.)	Provision of consultancy and management services and that of an investment holding company	Singapore	100	100

(1) Audited by Ernst & Young LLP.

(2) Audited by Deloitte Haskins and Sells LLP.

(3) Disposal of investment in subsidiaries to Fortis Healthcare Limited ("FHL").

The Disposal was effected by:

- (i) the disposal of all of the shares in the capital of IHL held by THRIPL.
- (ii) the disposal of all of the shares in the capital of FHML held by THRIPL.
- (iii) the disposal of all of the compulsorily convertible debentures ("CCDs") issued by IHL, FHML and EHSSHL and held by THRIPL; and
- (iv) the disposal of all of the non-convertible bonds ("NCBs") issued by IHL, FHML, and HEPL and held by THRSPL.

The Disposal was completed on 15 January 2019. Accordingly, the results of the subsidiaries are consolidated up to 14 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

15. DISPOSAL OF INVESTMENT IN SUBSIDIARIES AND ASSOCIATE

The value of assets and liabilities of the disposed subsidiaries recorded in the consolidated financial statements as at 14 January 2019, and the effects of the Disposal were:

	14 January 2019 \$'000
<u>Non-current assets</u>	
Intangible assets	81,185
Property, plant and equipment	509,423
Investment in associate	371,788
Financial assets	17,239
Other assets	25,452
Deferred tax assets	17,472
	1,022,559
<u>Current assets</u>	
Inventories	104
Financial assets	15,897
Trade and other receivables	2,612
Other assets	852
Cash and cash equivalents	1,594
	21,059
<u>Non-current liabilities</u>	
Loans and borrowings	89,688
Deferred tax liabilities	81,888
Other liabilities	23,460
	195,036
<u>Current liabilities</u>	
Loans and borrowings	220
Trade and other payables	5,741
Other liabilities	853
	6,814
Carrying value of net assets	841,768

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

15. DISPOSAL OF INVESTMENT IN SUBSIDIARIES AND ASSOCIATE (CONT'D)

The value of assets and liabilities of disposed subsidiaries recorded in the consolidated financial statements as at 14 January 2019, and the effects of the Disposal were (cont'd):

	14 January 2019 \$'000
Cash consideration	887,260
Less: Cash and cash equivalents of subsidiaries	(1,594)
Net cash inflow on disposal	885,666
Loss on disposal	
Cash received	887,260
Net assets derecognised	(841,768)
	45,492
Cumulative exchange differences in respect of the Disposal reclassified from equity	(68,674)
Loss on disposal	(23,182)

16. INVESTMENT IN AN ASSOCIATE

In 2018, the Group had retained a 49.0% of economic interest in FHTL which previously was a subsidiary to the Group.

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
				2019	2018
(1) (2)	Fortis Hospotel Limited ("FHTL")	India	Provision of medical and Clinical Establishment services	–	49

(1) Audited by Deloitte Haskins and Sells LLP.

(2) Disposal of investment in associate to FHL.

The Disposal was effected by:

- (i) the disposal of all of the shares in the capital of IHL held by THRIPL.
- (ii) the disposal of all of the shares in the capital of FHML held by THRIPL.
- (iii) the disposal of all of the CCDs issued by IHL, FHTL and EHSSHL and held by THRIPL; and
- (iv) the disposal of all of the NCBs issued by IHL, FHML, and HEPL and held by THRSPL.

The disposal was completed on 15 January 2019. Accordingly, the results of the associate are accounted for up to 14 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

16. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information in respect of FHTL based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follow:

	2019 \$'000	2018 \$'000
Current assets	–	23,871
Non-current assets excluding goodwill	–	566,132
Total assets	–	590,003
Current liabilities	–	16,256
Non-current liabilities	–	97,509
Total liabilities	–	113,765
Net assets	–	476,238
Net assets	–	476,238
Proportion of the Group's ownership	–	49%
Group share of net assets	–	233,357
Goodwill on acquisition	–	50,600
Other adjustments	–	79,600
Carrying amount of the investment	–	363,557

Summarised Statement of Comprehensive Income

	1 April 2018 to 14 January 2019 \$'000	1 April 2017 to 31 March 2018 \$'000
Revenue	52,048	57,692
Profit after tax	16,799	21,493
Other Comprehensive Income	–	611
Total Comprehensive Income	16,799	22,104

17. LOANS TO SUBSIDIARIES

These loans are treated as quasi-equity loans which represents an extension of investment in the subsidiaries. They are unsecured and interest free. All loans have been settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18. FINANCIAL ASSETS

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Non-current				
Accrued income	-	14,328	-	-
Security deposits paid	-	1,567	-	-
Other advances	-	716	-	-
Others	-	679	-	-
	-	17,290	-	-
Current				
Short term investments	-	28,666	-	-
Fixed deposits*	-	196	-	-
Dividend receivable	-	-	-	59,388
Amounts due from subsidiaries	-	-	-	9,359
CCD interest due from an associate	-	13,557	-	-
Others	103	544	40	-
	103	42,963	40	68,747

* Fixed deposits relate to fixed deposits placed with banks with a maturity period above three months but less than twelve months.

Accrued income

Accrued income relates to base service fee accounted for on a straight line basis over the term of the HMSAs.

Short term investments

Short term investments relate to investments in quoted mutual funds and are unsecured.

Dividend receivable

Dividend receivable relates to the dividend receivable from THRIPL.

Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade, unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

19. DEFERRED TAX

Deferred tax as at 31 March relates to the following:

	Group			
	Consolidated balance sheet		Consolidated profit or loss	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities:				
Fair value adjustments arising on acquisition of subsidiaries *	-	47,349	-	-
Fair value adjustments arising on acquisition of an associate *	-	3,752	-	-
Revaluation to fair value – land and buildings	-	28,763	-	-
Differences in depreciation and accrued income for tax purposes	-	6,631	(3,979)	2,282
Undistributed earnings of an associate	-	2,551	1,224	1,949
	-	89,046	(2,755)	4,231
Deferred tax assets:				
MAT credit	-	448	434	-
Unutilised tax losses	-	15,337	(2,956)	5,487
	-	15,785	(2,522)	5,487
Deferred tax (income)/expense (Note 9)			(5,277)	9,718

* Net of deferred tax assets on carry forward losses/unabsorbed capital allowances.

MAT credit

If the tax liability computed under the normal provisions of the Indian Income Tax Act, 1961 ("IITA") is less than 18.5% of the book profits shown in the profit and loss account, after making certain specified adjustments, an entity is liable to pay MAT at a rate of 18.5% of the book profits. MAT paid during any financial year is creditable for a period of 10 years against future tax liabilities arising under the normal provisions of the IITA. Should the MAT credit be assessed to be not recoverable, it will be written off to the profit and loss. Following the Disposal, MAT credit was transferred to FHL.

Unrecognised tax losses and unabsorbed capital allowances

As at 31 March 2019, the Group had tax losses of approximately \$9.5 million (2018: tax losses of approximately \$20.1 million and unabsorbed capital allowances of approximately \$41.0 million) that are available for offset against future taxable profits of the companies in which the losses arose, but for which no deferred tax asset is recognised for an amount of approximately \$9.5 million (2018: \$16.8 million) due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the entities within the Group operate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

19. DEFERRED TAX (CONT'D)

Tax consequences of proposed distributions

In 2018 and 2019, there are no income tax consequences attached to the distributions to the Unitholders proposed by the Trust but not recognised as a liability in the financial statements.

20. OTHER ASSETS

	Group	
	2019	2018
	\$'000	\$'000
Non-current		
Prepaid taxes	–	23,521
Prepayment	–	325
	–	23,846

Prepaid taxes

Prepaid taxes mainly relate to tax deducted at source on service fee and hospital income. These prepaid taxes are offset against the corporate tax payable for the year of assessment. The unutilised amount has been transferred to FHL following the completion of the Disposal.

21. TRADE RECEIVABLES

	Group	
	2019	2018
	\$'000	\$'000
Fees due from subsidiaries of a substantial Unitholder	–	17,866
Hospital fees	–	958
Others	–	910
Total trade receivables (Gross)	–	19,734
Less: Allowance for impairment	–	(444)
Total trade receivables (Net)	–	19,290

Trade receivables are non-interest bearing, generally on 30 to 90 days' terms and denominated in Indian Rupees. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21. TRADE RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

In 2018, the Group had trade receivables amounting to \$1,701,000 that were past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

Trade receivables past due but not impaired

	Group	
	2019 \$'000	2018 \$'000
Less than 30 days	–	501
30 – 60 days	–	539
61 – 90 days	–	247
91 – 150 days	–	248
More than 150 days	–	166
	–	1,701

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment is as follows:

	Group	
	2019 \$'000	2018 \$'000
Trade receivables – nominal amounts	–	2,007
Less : Allowance for impairment	–	(444)
	–	1,563
<u>Movement in allowance accounts:</u>		
At 1 April	444	498
Provision during the year	106	–
Write-back for the year	–	(22)
Exchange differences	(24)	(32)
Disposal	(526)	–
At 31 March	–	444

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

22. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank	624	8,003	489	18
Cash at hand	-	44	-	-
Short-term deposits	18,700	-	15,300	-
Cash and cash equivalents	19,324	8,047	15,789	18

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 March 2019 for the Group and the Trust ranged between 1.0% to 1.69% (2018: Nil).

23. LOANS AND BORROWINGS

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Non-current</i>				
Term loans	-	50,709	-	-
Deferred payment scheme	-	1,070	-	-
Loan from a related party	-	3,698	-	-
NCDs	-	91,050	-	-
	-	146,527	-	-
<i>Current</i>				
Bonds	-	119,369	-	119,721
Interest payable	-	2,703	-	1,021
Term loans	-	52,826	-	-
Bank overdraft	-	6,288	-	-
Deferred payment scheme	-	184	-	-
	-	181,370	-	120,742

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. LOANS AND BORROWINGS (CONT'D)

Bonds

As of 31 March 2018, the Group had issued a total of \$120 million fixed rate notes ("Notes") due 2019 payable semi-annually in arrears. The Notes constituted direct, unconditional, unsubordinated and unsecured obligations of the Group and at all times rank pari passu and rateably, without any preference or priority among themselves, and pari passu with all other present and future secured obligations (other than subordinated obligations and priorities created by law) of the Group. The Notes were extended to 22 January 2019. The Notes were settled on 22 January 2019 following the completion of the Disposal.

Term loans - Singapore Dollar ("SGD") denominated loans

As of 31 March 2018, the Group had loan facilities with United Overseas Bank Limited and Siemens Bank GMBH Singapore Branch ("UOB and Siemens Loans Facilities") for an aggregate amount of \$55 million to refinance an existing loan facility as well as for working capital purposes. The interest rate was based on the Swap Offer Rate plus 3.75% per annum. The loan facilities were due on 28 June 2020.

On 30 October 2017, the Group entered into a loan agreement with IndusInd Bank limited, IFSC GIFT City Branch for a term loan equivalent to \$53 million to replace the secured loan facilities with Axis Bank Limited. This term loan was denominated in United States Dollar ("USD") and 100% of the cash flow is hedged into SGD. The interest rate was based on the Swap Offer Rate plus 3.94% per annum. The loan facility was in the following tranches:

<i>Due date</i>	<i>\$'000</i>
29-May-20	10,600
30-Nov-20	10,600
28-May-21	10,600
30-Nov-21	10,600
27-May-22	10,600

The amount of unamortised upfront fee in connection with the term loans as of 31 March 2018 was \$4.5 million.

On 17 January 2019, all term loan facilities were settled following the completion of the Disposal.

Each of the loans was secured by:

- irrevocable pledge on the shares of THRIPL and THRSPL on pari passu basis;
- non-disposable undertaking on the hospital infrastructure companies owned by THRIPL on pari passu basis;
- first pari passu legal assignment over the interest, benefits and rights over all existing and future loans granted by the borrower to its subsidiaries; and
- a debenture over substantially all the assets of THRIPL and THRSPL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. LOANS AND BORROWINGS (CONT'D)

Deferred payment scheme

The Group entered into an agreement with Srei Equipment Finance Limited ("SREI") for medical equipment on a deferred payment basis for a total consideration of INR71.1million.

Deferred credit shall be paid in twenty (20) quarterly instalments over five years:

1st year:	INR2,050,000 (\$44,000)
2nd year:	INR3,250,000 (\$70,000)
3rd year:	INR3,750,000 (\$80,000)
4th year:	INR4,200,000 (\$91,000)
5th year:	INR4,750,000 (\$103,000)

The interest rate was fixed at 11.5%.

The deferred payment scheme was transferred to FHL following the completion of the Disposal.

Loan from a related party

The loan from a related party is unsecured, interest free and had been transferred to FHL at the end of 31 March 2019.

NCDs

At the time of initial public offering, unsecured and interest bearing Optionally Convertible Debentures ("OCDs") were issued by one of the subsidiaries in RHT Health Trust ("RHT Group") to FHTL for RHT Group's internal funding requirements. The OCDs were converted to NCDs. As FHTL became an associate, the liability of the subsidiary which amounted to INR4,523.5 million (\$91.1 million) in 2018 was no longer eliminated. In addition, the NCDs were subordinated to all other creditors of the subsidiary whether secured or unsecured.

The NCDs carry interest at 9.3% per annum. In addition, the interest rate varies from 9.3% to 22.0% depending on the earnings before interest and taxes of IHL. The tenure of NCDs shall be for the period of 10 years from the date of issuance. The Group had sold all of the NCDs following the completion of the Disposal on 15 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. LOANS AND BORROWINGS (CONT'D)

Bank overdraft

In 2018, the Group had drawdown a bank overdraft facility with IndusInd Bank amounting to INR312.4 million (\$6.3 million) as of 31 March 2018. The overdraft facilities were secured by a corporate guarantee and the Malar Clinical Establishment. The interest rate of the bank overdraft was approximately 9.25%. Following the Disposal, the bank overdraft was repaid during the year.

A reconciliation of liabilities arising from financing activities is as follows:

	2018	Cash flows	Non-cash changes					2019
			Amortised consent fees	Interest accrued	Foreign exchange differences	Disposal of investment in subsidiaries and associate	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and borrowings at amortised cost:								
- current	172,195	(175,000)	2,805	-	-	-	-	-
- non-current	50,709	(53,000)	2,291	-	-	-	-	-
Deferred payment scheme at amortised cost:								
- current	184	(175)	-	-	(9)	(220)	220	-
- non-current	1,070	48	-	-	(49)	(849)	(220)	-
Loan from related party at amortised cost:								
- non-current	3,698	-	-	10	(185)	(3,523)	-	-
NCDs at amortised cost:								
- non-current	91,050	-	-	(1,202)	(4,532)	(85,316)	-	-
Bank overdraft	6,288	(6,083)	-	-	(205)	-	-	-
Total loans and borrowings	325,194	(234,210)	5,096	(1,192)	(4,980)	(89,908)	-	-

The 'Others' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24. TRADE AND OTHER PAYABLES

	Group	
	2019	2018
	\$'000	\$'000
Third parties		
Trade payables	–	5,853
Other payables	–	564
	–	6,417

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 days' (2018: 30 to 60 days') terms.

Other payables

Other payables are non-interest bearing, unsecured, repayable upon demand and are to be settled in cash.

25. OTHER LIABILITIES

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Non-current				
Amounts due to related parties	–	11,539	–	–
Capital creditors	–	5,412	–	–
Retirement benefits obligation	–	342	–	–
Others	–	1,456	–	–
	–	18,749	–	–
Current				
Amounts due to related parties	486	944	486	928
Amounts due to subsidiaries	–	–	292,902	312
Accrued operating expenses	1,335	2,856	1,272	1,773
Advance received from customer	–	44	–	–
Statutory dues	32	9,291	32	–
Retirement benefits obligation	–	26	–	–
Others	19	331	4	–
	1,872	13,492	294,696	3,013

Non-current amounts due to related parties

Amounts due to related parties mainly relate to the amounts due to the associate of the Group. These amounts are non-trade, unsecured and interest free.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

25. OTHER LIABILITIES (CONT'D)

Current amounts due to related parties

Amounts due to related parties mainly relate to Trustee-Manager fees due to the Trustee-Manager. These amounts are non-trade, unsecured, interest free and repayable on demand.

Current amounts due to subsidiaries

Amounts due to subsidiaries are non-trade, unsecured, interest free and repayable on demand.

Statutory dues

This mainly relates to withholding taxes incurred and payable for the respective financial years to Indian tax authorities for interest expense payable from the Indian subsidiaries to a Singapore incorporated subsidiary. Such amounts are to be paid within the next twelve months. Other amounts relate to income tax payable, service taxes and provident fund payable.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2019			2018		
	Contract notional amount \$'000	Asset \$'000	Liability \$'000	Contract notional amount \$'000	Asset \$'000	Liability \$'000
Foreign currency forward contracts (current)	-	-	-	15,000	389	-

The Group entered into foreign currency forward contracts to hedge the Group's cash flow from India in Indian Rupees.

27. UNITS IN ISSUE

	Group and Trust			
	2019		2018	
	No. of issued units ('000)	\$'000	No. of issued units ('000)	\$'000
Issued and fully paid ordinary units:				
At 1 April	808,732	520,191	806,332	518,114
Payment of Trustee-Manager fees in units	2,671	2,056	2,400	2,077
At 31 March	811,403	522,247	808,732	520,191

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

27. UNITS IN ISSUE (CONT'D)

The Unitholders are entitled to receive distributions as and when declared by the Trust. All units carry one vote per unit without restrictions. The units have no par value.

28. OTHER RESERVES

(a) *Capital reserve*

FHL transferred businesses to KHL and FHML at below fair value. The capital reserve amounting to \$210,216,000 (2018: \$210,216,000) of capital reserve represents the excess of interest of FHML and KHL in the net fair value of the identifiable assets and liabilities transferred over the consideration. This reserve in substance represents FHL's contribution to the Group for its retained interest.

(b) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The foreign currency translation reserve has been included in the computation of loss on disposal.

(c) *Revaluation reserve*

The revaluation reserve represents increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income. The revaluation reserve has been reclassified to retained earnings following the completion of the Disposal of investment in subsidiaries and associate.

(d) *Capital redemption reserve*

Capital redemption reserve is a statutory reserve created in accordance with India's Companies Act 1956 in connection to redemption of preference shares of an Indian subsidiary company. The reserve is not considered a free reserve for distribution of dividends and can be utilised only for the purpose of issuing bonus shares. The capital redemption reserve has been reclassified to retained earnings following the completion of the Disposal.

(e) *Re-measurement of defined benefit plan reserve*

Re-measurement of defined benefit plan reserve is a reserve to record the actuarial gain or loss under a defined benefit plan which is recorded in other comprehensive income. The re-measurement of defined benefit plan reserve has been reclassified to retained earnings following the completion of the Disposal.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

The Group has entered into several service agreements in relation to the management of the Group and its Clinical Establishments operations. These agreements are entered into with the Trustee-Manager and FHL group of companies, which are companies that are controlled by a Unitholder that has significant influence over the Group. The fee structures of these services are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

I. Trustee-Manager's fees

The details of Trustee-Manager fees are shown in Note 5 to the financial statements.

II. Sale and purchase of goods and services

	Group	
	2019	2018
	\$'000	\$'000
Service fee earned from subsidiaries of a substantial Unitholder	59,023	80,758
Trustee-Manager fee paid to the Trustee-Manager	13,371	5,532

Included in the service fee is a technology renewal fee. During the term of the HMSAs, FHL group of companies must maintain a Technology Renewal Fund ("TRF") for funding the replacement, refurbishment and/or upgrade of medical equipment owned or used by the Hospital Services Company. A fixed amount from the Base Service Fee payable to each Hospital Services Company under each HMSA for each quarter is retained by FHL group of companies for deposit into the TRF on a quarterly basis ("Retained TRF Amount").

FHL group of companies can draw on the TRF to pay for expenditure incurred by the Hospital Services Company for the replacement, refurbishment and/or upgrade of medical equipment owned or used by the Hospital Services Company (the "Technology Renewal Fee"). Any amounts withdrawn from the TRF require the prior written consent of the Hospital Services Company, and may only be used for the purposes of replacing any medical equipment owned by the Hospital Services Company.

III. Compensation of key management personnel

Key management of the Group are the Executive Officers of the subsidiary entities. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2019	2018
	\$'000	\$'000
Short-term employee benefits paid to key management personnel	343	438
Ex-gratia payment	373	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

30. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	Group	
	2019	2018
	\$'000	\$'000
Capital commitments in respect of property, plant and equipment	-	9,177

(b) Operating lease commitments - as lessee

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to \$515,000 (2018: \$855,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting period but not recognised as payable, are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Not later than one year	-	582
Later than one year but not later than five years	-	5,866
	-	6,448

(c) Operating lease commitments - as lessor

The Group leases out hospital space to non-related parties under non-cancellable operating lease agreements. These non-cancellable leases have remaining lease terms of between 2 and 15 years. The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period but not recognised as receivables, are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Not later than one year	-	2,568
Later than one year but not later than five years	-	3,550
Later than five years	-	233
	-	6,351

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

30. COMMITMENTS (CONT'D)

(d) *Medical service commitments*

The Group has entered into individual HMSAs with FHL group of companies wherein the Group is required to provide and maintain the Group's Clinical Establishments along with other services like out-patient diagnostics and radio diagnostic services. The term of the individual HMSA is 15 years and the Group is entitled to receive composite service fee i.e. base and variable fee. The base fee is fixed and increase 3.0% year on year. The variable fee is based on a percentage of the FHL group of companies' net operating income in accordance with the HMSAs. Future minimum base fee receivable at the end of the reporting period is as follows:

	Group	
	2019	2018
	\$'000	\$'000
Not later than one year	–	49,268
Later than one year but not later than five years	–	212,321
Later than five years	–	264,887
	–	526,476

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1, Level 2 and Level 3 during the financial year ended 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Group				
<i>Recurring fair value measurements:</i>				
2018				
Non-financial asset:				
Property, plant and equipment (Note 13)	-	-	478,594	478,594
Financial assets:				
Short term investments (Note 18)	28,666	-	-	28,666
Derivatives (Note 26)				
- Foreign currency forward contracts	-	389	-	389

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Foreign currency forward contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, and forward rate curves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(d) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 March 2018 (\$'000)	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Recurring fair value measurements:					
Non-financial asset:					
<u>Property, plant and equipment</u> (Note 13)					
Freehold land	226,742	Direct comparison approach	Price per square feet	\$27 to \$418	Increase/(decrease) in estimated price per square feet will result in a higher/(lower) fair value
Leasehold land	102,702	Direct comparison approach	Price per square feet	\$59 to \$164	Increase/(decrease) in estimated price per square feet will result in a higher/(lower) fair value
Buildings	149,150	Depreciated replacement cost approach	Replacement cost per square feet	\$47 to \$79	Increase/(decrease) in estimated replacement cost per square feet will result in a higher/(lower) fair value
			Balance economic life	31 years to 40 years	Increase/(decrease) in estimated balance useful life will result in a higher/(lower) fair value

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(d) *Level 3 fair value measurements (cont'd)*

(ii) *Valuation policies and procedures*

The Group engages external, independent and qualified valuers to determine the fair value of the Group's unquoted shares and properties at the end of every financial year.

The Trustee-Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge for the valuation of the unquoted shares and properties.

For valuation performed by external valuers, management reviews the appropriateness of the valuation methodologies and assumptions adopted.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Management Committee.

(e) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Financial assets - current (other than short term investments) (Note 18), trade receivables (Note 21), other assets - current, cash and cash equivalents (Note 22), loans and borrowings (current) (Note 23), trade and other payables (Note 24) and other liabilities - current (Note 25).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(f) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 March but for which fair value is disclosed.

	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000	Carrying amount \$'000
2018					
Group					
Assets:					
Financial assets (non-current)	-	-	13,181	13,181	17,290
Liabilities:					
Loans and borrowings (non-current)					
- NCDs	-	-	82,131	82,131	91,050

Determination of fair value

Financial assets (non-current) (Note 18) and loans and borrowings (non-current) (Note 23)

The fair value of the financial assets (non-current) and loans and borrowings (non-current) have been determined using discounted expected cash flows at market incremental lending rates for similar types of lending, borrowing or leasing agreements at the end of the reporting period. For bonds, fair value is determined based on quoted market prices.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

- (g) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying Amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Trust				
Financial assets:				
Loans to subsidiaries	–	–	469,245	*

- * The loans are unsecured and non-interest bearing. It has no fixed repayment terms and is repayable only when the subsidiary's cash flow permits. Accordingly, fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably. Following the completion of Disposal, the loans to subsidiaries were fully settled in 2019.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Trust are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments when they fall due after a prolonged period, or when the debtor is in significant financial difficulties or liquidation.

The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit evaluation
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments after a prolonged period, or when the debtor is in significant financial difficulties or liquidation. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

Trade receivables

In 2018, credit risk on service fee receivable is concentrated with FHL group of companies which is also the substantial Unitholder of the Trust. 93.0% of the total trade receivable was due from FHL located in India. In the prior year, FHL group of companies had been late in paying the service fee. FHL had since provided an undertaking to RHT Group to settle the outstanding amount in tranches. The amount of service fee receivable for the year ended 31 March 2018 had been fully received subsequent to year end.

In 2018, FHL had provided a banker's guarantee to guarantee 2 months of service fee which expired on 30 April 2019. FHL has provided an undertaking to procure that its subsidiary, Fortis Healthcare International Pte Ltd ("FHIPL"), pledges its holdings of 64,120,195 shares in Lankan Hospital Corporation Plc ("Lanka"), representing 28.66% of the total number of issued shares of Lanka ("Lanka Shares") in favour of the RHT entities and FHL to secure the payment obligations of FHL under the HMSAs.

For hospital income receivable from corporate clients, these clients are debtors with a good payment record with the Group.

Other financial assets

For other financial assets, the Group minimises credit risk by dealing with counterparties which have a good credit rating.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

Financial assets that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade receivables).

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from loans and borrowings.

In the prior year, the Group's interest bearing loans and borrowings (Note 23) at floating rate are re-priced at intervals of less than 3 to 12 months from the end of the reporting period. Loans and borrowings have been fully repaid in the current year.

As at 31 March 2018, if SGD and INR interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$571,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Trust's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000	Total \$'000
Group				
2019				
Other liabilities	1,840	-	-	1,840
2018				
Trade and other payables	6,417	-	-	6,417
Other liabilities	4,142	18,218	-	22,360
Loans and borrowings	146,216	122,948	175,666	444,830
	156,775	141,166	175,666	473,607
Trust				
2019				
Other liabilities	294,664	-	-	294,664
2018				
Other liabilities	3,013	-	-	3,013
Loans and borrowings	133,478	-	-	133,478
	136,491	-	-	136,491

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Classification of financial instruments*

Set out below is a comparison by category of all the Group's and Trust's financial instruments that are carried out in the financial statements.

	Financial assets carried at amortised cost \$'000	Total \$'000
Group		
2019		
Assets		
<i>Current</i>		
Financial assets	103	103
Cash and cash equivalents	19,324	19,324
	19,427	19,427
	Financial liabilities carried at amortised cost \$'000	Total \$'000
2019		
Liabilities		
<i>Current</i>		
Other liabilities	1,840	1,840
	1,840	1,840

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Classification of financial instruments (cont'd)

	Loans and receivables \$'000	Fair value through profit or loss \$'000	Total \$'000
Group			
2018			
Assets			
Non-current			
Financial assets	17,290	-	17,290
Current			
Trade receivables	19,290	-	19,290
Financial assets	42,963	-	42,963
Other assets	756	-	756
Derivative financial instruments	-	389	389
Cash and cash equivalents	8,047	-	8,047
	88,346	389	88,735
	Financial liabilities carried at amortised cost \$'000	Fair value through profit or loss \$'000	Total \$'000
2018			
Liabilities			
Non-current			
Loans and borrowings	146,527	-	146,527
Other liabilities	18,218	-	18,218
Current			
Loans and borrowings	181,370	-	181,370
Trade and other payables	6,417	-	6,417
Other liabilities	4,142	-	4,142
	356,674	-	356,674

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Classification of financial instruments (cont'd)

	Financial assets carried at amortised cost \$'000
<hr/>	
Trust	
2019	
Assets	
<i>Current</i>	
Cash and cash equivalents	15,789
Financial assets	40
	15,829
	Financial liabilities carried at amortised cost \$'000
<hr/>	
2019	
Liabilities	
<i>Current</i>	
Other liabilities	294,664
	294,664

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Classification of financial instruments (cont'd)

	Loans and receivables \$'000
<hr/>	
Trust	
2018	
Assets	
<i>Non-current</i>	
Loans to subsidiaries	469,245
<i>Current</i>	
Cash and cash equivalents	
Financial assets	18
	68,747
	538,010
	Financial liabilities carried at amortised cost \$'000
<hr/>	
2018	
Liabilities	
<i>Current</i>	
Other liabilities	3,013
Loans and borrowings	120,742
	123,755

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. CAPITAL MANAGEMENT

On 15 January 2019, the Trust completed the Disposal. As the Trust ceased to have any operating business and its assets consist wholly or substantially of cash, the Trust is now deemed to be a cash trust.

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise Unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to Unitholders, issue new units, buy back issued units, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise unsecured debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

The Trustee-Manager monitors capital based on the ratio of the Group's net borrowings to adjusted net assets attributable to Unitholders. Net borrowings are calculated as total loans and borrowings less cash and cash equivalents. Adjusted net assets are calculated as net assets excluding external loans and borrowings.

	Group	
	2019	2018
	\$'000	\$'000
Net borrowings (less NCDs)	–	228,800
Adjusted net assets attributable to Unitholders	17,912	899,384
Ratio	–	25.4%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

34. SEGMENT INFORMATION

The Trustee-Manager considers that the Group operates primarily within a single business segment which is the provision of medical and Clinical Establishment services and within a single geographical segment, being India.

As the rendering of services to patients in earning hospital income is not material, no separate business segment has been disclosed.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
India	71,146	96,006	-	625,792

The non-current assets information presented above consist of intangible assets and property, plant and equipment.

Information about a major customer

Revenue from FHL group of companies contributed 83% in 2019 (2018: 84%) of the total revenue of the Group.

35. DISTRIBUTIONS

	Group and Trust	
	2019 \$'000	2018 \$'000
Declared and paid during the year		
- Exempt (one-tier) distribution of 1.22 cents per unit paid on 1 March 2018	-	9,857
- Exempt (one-tier) distribution of 2.15 cents per unit paid on 16 July 2018	17,408	-
- Exempt (one-tier) distribution of 1.92 cents per unit paid on 28 December 2018	15,579	-
- Exempt (one-tier) distribution of 75.2 cents per unit paid on 4 February 2019 ("Special Distribution")	610,175	-
- Exempt (one-tier) distribution of 2.38 cents per unit paid on 1 March 2019 ("Cash Distribution")	19,311	-
Proposed but not recognised as a liability as at 31 March		
- Exempt (one-tier) distribution of 1.14 cents per unit paid on 14 June 2018	-	9,220
Total distribution paid during the year	671,693	28,967

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 24 June 2019.

STATISTICS OF UNITHOLDINGS

As At 21 June 2019

DISTRIBUTION OF UNITHOLDINGS

Size Of Unitholdings	No. Of Unitholders	%	No. Of Units	%
1 - 99	3	0.07	21	0.00
100 - 1,000	677	14.74	636,097	0.08
1,001 - 10,000	2,143	46.69	12,816,579	1.58
10,001 - 1,000,000	1,719	37.45	114,017,416	14.05
1,000,001 And Above	48	1.05	683,932,831	84.29
Total	4,590	100.00	811,402,944	100.00

TWENTY LARGEST UNITHOLDERS

No	Name	No. Of Units	%
1	DB NOMINEES (SINGAPORE) PTE LTD	208,700,844	25.72
2	DBS NOMINEES (PRIVATE) LIMITED	102,381,382	12.62
3	RAFFLES NOMINEES (PTE.) LIMITED	46,843,740	5.77
4	CITIBANK NOMINEES SINGAPORE PTE LTD	35,643,463	4.39
5	TEO AH BAN	27,728,700	3.42
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	25,112,136	3.09
7	IFAST FINANCIAL PTE. LTD.	21,867,000	2.69
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	21,820,751	2.69
9	RHT HEALTH TRUST MANAGER PTE LTD	21,771,000	2.68
10	PHILLIP SECURITIES PTE LTD	14,984,200	1.85
11	KOH KING SIAH	12,000,000	1.48
12	TEO YONG CHOON	9,776,300	1.20
13	OCBC SECURITIES PRIVATE LIMITED	9,707,600	1.20
14	LIM & TAN SECURITIES PTE LTD	9,032,200	1.11
15	CHUA SOK KOON	8,001,000	0.99
16	SHAN YUEYAN	7,985,400	0.98
17	SEOW MING LIANG	7,850,000	0.97
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,101,338	0.88
19	CHEAH CHIOH LIAN BEATRICE	7,000,000	0.86
20	HSBC (SINGAPORE) NOMINEES PTE LTD	6,920,000	0.85
	Total	612,227,054	75.44

STATISTICS OF UNITHOLDINGS

As At 21 June 2019

SUBSTANTIAL UNITHOLDERS AS AT 24 JUNE 2019

(as recorded in the Register of Substantial Unitholders)

	DIRECT INTEREST		DEEMED INTEREST	
	Units	%	Units	%
Fortis Healthcare International Limited	203,976,944	25.14	-	-
Fortis Healthcare Limited ⁽¹⁾	-	-	225,747,944	27.82
Northern TK Venture Pte. Ltd.	-	-	225,747,944	27.82
Parkway Pantai Limited ⁽²⁾	-	-	225,747,944	27.82
Integrated Healthcare Holdings Limited ⁽³⁾	-	-	225,747,944	27.82
IHH Healthcare Berhad ⁽⁴⁾	-	-	225,747,944	27.82

⁽¹⁾ Stellant Capital Advisory Services Private Limited ("Stellant") is the sole shareholder of RHT Health Trust Manager Pte. Ltd. ("RHT TM"). Stellant is a wholly-owned subsidiary of Fortis Hospitals Limited ("FHsL"). Fortis Healthcare International Limited ("FHIL") and FHsL are wholly-owned by Fortis Healthcare Limited ("FHL"). FHL is deemed interested in the Units held by FHIL and RHT TM.

⁽²⁾ Northern TK Venture Pte. Ltd. ("Northern") is a wholly-owned subsidiary of Parkway Pantai Limited ("Parkway").

⁽³⁾ Northern is a wholly-owned subsidiary of Parkway, which in turn is a wholly-owned subsidiary of Integrated Healthcare Holdings Limited ("IHHL").

⁽⁴⁾ Northern is a wholly-owned subsidiary of Parkway, which in turn is a wholly-owned subsidiary of IHHL, which in turn is a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"). IHH controls majority of FHL's Board by virtue of the Share Subscription Agreement dated 13 November 2018 entered into with FHL.

The percentage of unitholdings is calculated based on the total issued unit capital of 811,402,944 units.

PERCENTAGE OF UNITHOLDINGS IN THE HANDS OF PUBLIC

Based on the information available to the Trustee-Manager as at 24 June 2019, approximately 72.18% of RHT's units were in the hands of public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING OF UNITHOLDERS

RHT HEALTH TRUST

(Registration No. 2012006)

(A business trust constituted on 29 July 2011 under the laws of the Republic of Singapore and registered under the Business Trusts Act, Chapter 31A of Singapore)

Managed by RHT Health Trustee Manager Pte. Ltd.

(Company Registration No. 201117555K)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the unitholders of RHT Health Trust (“**RHT**” and unitholders of RHT, “**Unitholders**”) will be held at Suntec Singapore Convention & Exhibition Centre, Meeting Rooms 334 & 335, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593, on 29 July 2019 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of the RHT Health Trust Manager Pte. Ltd. (“**Trustee-Manager**”), Statement by the Trustee-Manager and the Audited Financial Statements of RHT and its subsidiaries for the financial year ended 31 March 2019 together with the Auditors’ Report thereon.

(Resolution 1)
2. To re-appoint Messrs Ernst & Young LLP as auditors of RHT and to authorise the Trustee-Manager to fix their remuneration.

(Resolution 2)
3. To transact any other business which may properly be transacted at an Annual General Meeting.

By Order of the Board

RHT Health Trust Manager Pte. Ltd.

as Trustee-Manager of RHT Health Trust

(Company Registration No. 201117555K)

Abdul Jabbar Bin Karam Din

Fazilah Abdul Rahman

Joint Company Secretaries

Singapore, 12 July 2019

NOTICE OF ANNUAL GENERAL MEETING OF UNITHOLDERS

Important Notice

- (1) A Unitholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead at the same meeting. A proxy need not be a Unitholder.
- (2) A corporation which is a Unitholder may, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Unitholders and the person so authorised shall be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
- (3) The instrument appointing a proxy must be lodged at the office of RHT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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RHT HEALTH TRUST

(Registration No. 2012006)

(A business trust constituted on 29 July 2011

under the laws of the Republic of Singapore)

Managed by RHT Health Trust Manager Pte. Ltd.

(Company Registration No. 201117555K)

PROXY FORM – ANNUAL GENERAL MEETING

(Before completing this form, please read the notes behind)

I/We, _____ (Name)

of _____ (Address)

being a Unitholder/Unitholders of RHT Health Trust ("RHT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%


or, both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting of RHT to be held at Suntec Singapore Convention & Exhibition Centre, Meeting Rooms 334 & 335, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 29 July 2019 at 10.00 a.m. and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting in accordance with my/our directions as indicated hereunder. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Annual General Meeting.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
ORDINARY BUSINESS			
1.	Adoption of Reports of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of RHT and its subsidiaries for the financial year ended 31 March 2019 together with the Auditors' Report. (Resolution 1)		
2.	Re-appointment of Messrs Ernst & Young LLP as Auditors of RHT and to authorise Trustee-Manager to fix their remuneration. (Resolution 2)		
3.	Any other business.		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

Total number of Units held



 Signature(s) of Unitholder(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. In accordance with the Business Trusts Act and the Trust Deed, a Unitholder of RHT Health Trust ("RHT", and a Unitholder of RHT, "Unitholder") entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such Unitholder's form of proxy appoints more than one proxy, the proportion of the unitholding concerned to be represented by each proxy shall be specified in the form of proxy. Where a Unitholder appoints two proxies and does not specify the number of Units to be represented by each proxy, the Units held by the Unitholder are deemed to be equally divided between the proxies.
2. A proxy need not be a Unitholder.
3. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of RHT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and Units registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders. If no number is inserted, this form of proxy appointing a proxy or proxies will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the "Proxy Form") must be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, it must be executed either under the common seal or under the hand of an officer or attorney so authorised.
5. A corporation which is a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of Unitholders and the person so authorised shall be entitled to exercise the power on behalf of the corporation so represented as the corporation could exercise in person if it were an individual. The Trustee-Manager shall be entitled to treat a copy of such resolution certified by a director of the corporation to be a true copy, or a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this paragraph.
6. This Proxy Form (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority) must be deposited at the office of RHT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for holding the Annual General Meeting or adjourned meeting, at which the person named in the Proxy Form appointing a proxy or proxies proposes to vote, and in default the Proxy Form shall not be treated as valid.
7. Any alteration made in this Proxy Form should be initialled by the person who signs it.
8. The Trustee-Manager shall be entitled to reject a Proxy Form appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Unitholders whose Units are entered in the Depository Register, the Trustee-Manager shall be entitled and bound:
 - (a) to reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the name of the Unitholder in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Trustee-Manager; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Unitholder is or are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to the Trustee-Manager, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Unitholder.

No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

9. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

TRANSITIONS

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