

RHT Health Trust and its Subsidiaries

Annual Financial Statements
31 March 2021



RHT Health Trust and its subsidiaries

General Information

Trustee-Manager

RHT Health Trust Manager Pte. Ltd.

Directors

Tan Bong Lin
Dr Ronnie Tan Keh Poo
Dr Wong Chiang Yin
Loh Min Jiann
Ashish Bhatia

Company Secretaries

Abdul Jabbar Bin Karam Din
Fazilah Abdul Rahman

Registered Office

120 Robinson Road
#08-01
Singapore 068913

Principal banker

United Overseas Bank
Malayan Banking Berhad

Auditor

Ernst & Young LLP
Partner in charge: Tan Soon Seng (Appointed since financial year ended 31 March 2018)

RHT Health Trust and its subsidiaries

General Information

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RHT Health Trust and its subsidiaries

Report of the Trustee-Manager For the financial year ended 31 March 2021

The Directors of RHT Health Trust Manager Pte. Ltd. as the Trustee-Manager of RHT Health Trust (the "Trust") 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 2021.

Directors

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

Tan Bong Lin
Dr Ronnie Tan Keh Poo
Dr Wong Chiang Yin
Loh Min Jiann
Ashish Bhatia

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.

RHT Health Trust and its subsidiaries

Report of the Trustee-Manager For the financial year ended 31 March 2021

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
Ashish Bhatia	
Tan Bong Lin	
Dr Wong Chiang Yin	

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 2021 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.

RHT Health Trust and its subsidiaries

**Report of the Trustee-Manager
For the financial year ended 31 March 2021**

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

Loh Min Jiann
Director

Singapore
31 May 2021

RHT Health Trust and its subsidiaries

Statement by the Trustee-Manager For the financial year ended 31 March 2021

In our opinion,

- (a) the consolidated statement of comprehensive income set out on pages 10 and 11 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 2021;
- (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 2021;
- (c) the statement of changes in Unitholders' funds set out on pages 13 and 14 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 2021;
- (d) the consolidated cash flow statement set out on page 15 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 2021; 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 2021 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 2021 for issue.

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

Tan Bong Lin
Director

Loh Min Jiann
Director

Singapore
31 May 2021

RHT Health Trust and its subsidiaries

**Statement by the Chief Executive Officer
For the financial year ended 31 March 2021**

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.

Tan Kang Fun
Chief Executive Officer

Singapore

31 May 2021

RHT Health Trust and its subsidiaries

Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2021

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 2021, 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 2021 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 matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

RHT Health Trust and its subsidiaries

Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2021

Key Audit Matter (cont'd)

Contingent liability on withholding taxes

As set out in Note 25, the Group has disclosed a contingent liability arising from a potential tax exposure on withholding taxes of S\$0.96 million as at the financial year ended of 31 March 2021.

As discussed more fully in that note, the withholding taxes arose from the fees paid to an Indian tax resident bank in relation to the termination of bank loan and swap arrangements on the disposal of the Group's entire asset portfolio in the previous financial year. The Trustee-Manager is of the opinion after consultation with its tax advisor that as the local tax authority has not agreed on the Trustee-Manager's treatment, there remains a possible obligation that the Group is required to pay the withholding tax on these payments.

We have identified this matter as a key audit matter due to the significant judgment exercised by the Trustee-Manager on the evaluation of the uncertainty whether withholding tax would be payable and on the assessment of the quantum of the potential tax exposure.

Our audit procedures included, amongst others, discussion with the Trustee-Manager to understand the considerations made in their assessment and review of the correspondences between the Group's tax advisor and the local tax authority. We also evaluated the Trustee-Manager's basis and assessment with the help of our internal tax specialist. In addition, we reviewed and checked the arithmetical accuracy of the computation of the contingent liability; and assessed the adequacy of the disclosures on this matter in Note 25 to the financial statements.

Other Information

The Trustee-Manager is responsible for other information. The other information comprises the information included in the general information, report of the Trustee-Manager and statement by the Trustee-Manager.

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.

RHT Health Trust and its subsidiaries

Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2021

Responsibilities of the Manager for the Financial Statements (cont'd)

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.

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.

RHT Health Trust and its subsidiaries

Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2021

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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.

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

31 May 2021

RHT Health Trust and its subsidiaries

**Consolidated statement of comprehensive income
For the financial year ended 31 March 2021**

	Note	2021 \$'000	2020 \$'000
Total revenue		–	–
Expenses:			
Employee benefits expense	4	–	(14)
Trustee-Manager fees	5	(90)	(150)
Other trust expenses		(540)	(1,080)
Finance income	6	28	244
Finance expenses	7	(2)	(3)
Foreign exchange loss		–*	(1)
Total expenses		(604)	(1,004)
Loss before taxes	8	(604)	(1,004)
Income tax credit/(expense)	9	10	(18)
Loss from continuing operations representing loss after taxes for the period attributable to Unitholders of the Trust		(594)	(1,022)

* Amount is less than \$1,000

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

RHT Health Trust and its subsidiaries

Consolidated statement of comprehensive income
For the financial year ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
Other comprehensive income for the year, net of tax		(594)	(1,022)
Total comprehensive income for the year attributable to Unitholders of the Trust		(594)	(1,022)
Earnings per unit from continuing operations attributable to Unitholders of the Trust, expressed in cents per unit			
- Basic and diluted	10	(0.07)	(0.13)
Earnings per unit attributable to Unitholders of the Trust, expressed in cents per unit			
- Basic and diluted	10	(0.07)	(0.13)
Attributable to: Unitholders of the Trust			
Total comprehensive income from continuing operations, net of taxes representing total comprehensive income for the year attributable to Unitholders of the Trust		(594)	(1,022)

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

RHT Health Trust and its subsidiaries

**Balance sheets
As at 31 March 2021**

	Note	Group		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Non-current asset					
Investment in subsidiaries	11	–	–	12,634	12,634
Total non-current asset		–	–	12,634	12,634
Current assets					
Financial assets	12	2	138	–	59
Other assets	14	181	202	181	201
Cash and cash equivalents	15	17,347	17,580	13,074	14,097
Total current assets		17,530	17,920	13,255	14,357
Total assets		17,530	17,920	25,889	26,991
LIABILITIES					
Current liabilities					
Other liabilities	16	1,234	1,030	292,685	293,317
Total current liabilities		1,234	1,030	292,685	293,317
Net current assets/(liabilities)		16,296	16,890	(279,430)	(278,960)
Total liabilities		1,234	1,030	292,685	293,317
Net assets/(liabilities)		16,296	16,890	(266,796)	(266,326)
UNITHOLDERS' FUNDS					
Units in issue	17	522,247	522,247	522,247	522,247
Capital reserve	18	210,216	210,216	–	–
Accumulated losses		(716,167)	(715,573)	(789,043)	(788,573)
Total Unitholders' funds		16,296	16,890	(266,796)	(266,326)

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

RHT Health Trust and its subsidiaries

Statements of changes in Unitholders' funds
For the financial year ended 31 March 2021

Group	Units in issue (Note 17) \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 April 2019	522,247	210,216	(714,551)	17,912
Loss for the year, representing total comprehensive income for the year	–	–	(1,022)	(1,022)
At 31 March 2020 and 1 April 2020	522,247	210,216	(715,573)	16,890
Loss for the year, representing total comprehensive income for the year	–	–	(594)	(594)
At 31 March 2021	522,247	210,216	(716,167)	16,296

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

RHT Health Trust and its subsidiaries

**Statements of changes in Unitholders' funds
For the financial year ended 31 March 2021**

	Note	Units in issue (Note 17) \$'000	Accumulated losses \$'000	Total \$'000
Trust				
At 1 April 2019		522,247	(788,124)	(265,877)
Loss for the year, representing total comprehensive income for the financial year		–	(449)	(449)
At 31 March 2020 and 1 April 2020		522,247	(788,573)	(266,326)
Loss for the year, representing total comprehensive income for the financial year		–	(470)	(470)
At 31 March 2021		522,247	(789,043)	(266,796)

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

RHT Health Trust and its subsidiaries**Consolidated cash flow statement
For the financial year ended 31 March 2021**

	Note	2021 \$'000	2020 \$'000
Cash flow from operating activities			
Loss before tax		(604)	(1,004)
Adjustments for:			
Finance income	6	(28)	(244)
Finance expenses	7	2	3
Operating cash flow before working capital changes		(630)	(1,245)
Changes in working capital:			
Decrease in financial assets and other assets		154	74
Increase/(decrease) in other liabilities		202	(845)
Cash flow used in operations		(274)	(2,016)
Interest received		31	290
Tax refund/(paid)		10	(18)
Net cash used in operating activities		(233)	(1,744)
Net decrease in cash and cash equivalents		(233)	(1,744)
Cash and cash equivalents at beginning of period		17,580	19,324
Cash and cash equivalents at end of year	15	17,347	17,580

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

RHT Health Trust and its subsidiary

Notes to the financial statements For the financial year ended 31 March 2021

1. General information

RHT Health Trust (the "Trust" or "RHT") 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 120 Robinson Road, #08-01, Singapore 068913. The principal place of business of the Trustee-Manager is located at 302 Orchard Road #07-03, 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 11.

The Trust was admitted to the Official List of the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 October 2012.

In the prior years, 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.

On 23 December 2019, the SGX-ST had approved the Trustee Manager's application for an extension of time of 6 months to the 12-month period for RHT to meet the requirements for a new listing, before the SGX-ST proceeds to remove RHT from the Official List under Rule 1018(2) of the Listing Manual ("Extension of Time"), for the following reasons:

- (a) Indian legal counsel had advised the Trustee-Manager that the Voluntary Winding Up should not be proceeded with in the current circumstances and it would not be in the interests of Unitholders, as a whole to do so;
- (b) RHT will not in any case be in a position to make a fair and reasonable cash exit offer to the Unitholders under Rule 1309 of the Listing Manual in view of the change in circumstances as highlighted in the announcement of 28 November 2019;
- (c) whilst the hearing for the Contempt Proceedings (refer to Note 26 for details on the voluntary disclosure) will commence on 3 February 2020, the legal proceedings may take some time to conclude and the Trustee-Manager will continue to monitor matters leading up to and including the hearing for the Contempt Proceedings;
- (d) the Trustee-Manager is hopeful of being in a better position to make a more informed decision on whether to proceed with the Voluntary Winding Up after the hearing of the Contempt Proceedings on 3 February 2020, depending on the outcome thereof; and
- (e) once there is clarity from the Supreme Court of India ("Court") and in the absence of any other extenuating circumstances, such as any discussions or negotiations on the injection of a suitable business into RHT, the Trustee-Manager intends to reconvene the Extraordinary General Meeting ("EGM") for the proposed Voluntary Winding Up.

The second Extension of Time was due to expire on 15 January 2021. As it was uncertain that the Contempt Proceedings will be resolved prior thereto, the Trustee-Manager had applied to SGX-ST for a further extension of time of 6 months. A further extension of 6 months was granted by SGX on 15 December 2020 and will be expire on 15 July 2021.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

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.

The financial statements of the Group and the Trust have been prepared on a going concern basis because the Trustee-Manager is still open to discussions or negotiations on the injection of a suitable business into the Trust. In addition, the Trustee-Manager is of the view that it is likely to take some time to conclude the Contempt Proceedings (as disclosed in Note 26).

As at 31 March 2021, the financial statements of Trust have been prepared on a going concern basis, notwithstanding that the Trust was in net current liabilities of \$279,430,000 (2020: \$278,960,000). The subsidiaries maintain adequate cash and retained earnings and the Trust has the right to call upon dividends from the subsidiaries. The Group is in net current assets and net assets position of \$16,296,000 (2020: \$16,890,000).

2.2 *New accounting standards effective on 1 April 2021*

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 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendment to IFRS 16 Leases: <i>Covid-19 – Related Rental Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to IFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 37: <i>Onerous Contract – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to IAS 16: <i>Property, Plant and Equipment –Proceeds before Intended Use</i>	1 January 2022
Annual Improvements to IFRSs 2018-2020	1 January 2022
Amendments to IFRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to IFRS 17 <i>Insurance Contract</i>	1 January 2023
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 directors expect that the adoption of the abovementioned standards will not have a material impact on the financial statements in the year of initial application.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

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 2021. 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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; and
- 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.

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.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

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

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.

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.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.4 *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.

(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.

(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.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.5 *Current versus non-current classification*

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after reporting period; or
- Cash or cash equivalent unless restricted from being exchange or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after reporting period; or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 *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.

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.

2. Summary of significant accounting policies (cont'd)

2.7 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

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 category for classification of debt instruments is at 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.

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.

(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.

2. Summary of significant accounting policies (cont'd)

2.7 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

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 - 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.

2.8 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.

2.9 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.

2. Summary of significant accounting policies (cont'd)

2.10 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.

2.11 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.

2.12 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.

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.13 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, 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.

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, 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.

2. Summary of significant accounting policies (cont'd)

2.13 Taxes (cont'd)

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

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.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.14 *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.

2.15 *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.

2.16 *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.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. 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. The Trustee-Manager is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. Employee benefits expense

	Group	
	2021 \$'000	2020 \$'000
Salaries, bonus and other benefits	–	12
Statutory Provident Fund contributions	–	2
	–	14

5. Trustee-Manager fees

	Group	
	2021 \$'000	2020 \$'000
Trustee fees	90	150

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

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% (2020: 0.4%) per annum of the value of the trust property of the Trust pursuant to the Trust Deed.

Trust property has the meaning ascribed to it in the Business Trust Act.

Performance fee

The Performance fee ("Performance fee") is 4.5% (2020: 4.5%) per annum of Distributable Income of the Group pursuant to the Trust Deed for the relevant financial year.

There is no base fee and performance fee charged by the Trustee-Manager subsequent to the Disposal.

Trustee fees

The Trustee fee is 0.03% (2020: 0.03%) per annum of the value of the trust property of the Trust, subject to a minimum of \$15,000 (2020: \$15,000) per month, excluding out-of-pocket expenses.

Trust property has the meaning ascribed to it in the Business Trust Act.

Arising from the request of the Unitholders at the last EGM held on 3 December 2019, the Board of Directors of the Trustee-Manager had sought approval from the sole shareholder of the Trustee-Manager to waive some of the Trustee Fee. The sole shareholder of the Trustee-Manager agreed to waive 50% of its entitlement to the Trustee Fee under the terms of the Trust Deed, with effect from 3 December 2019 until 31 March 2021 or the date on which the Court disposes of the Contempt Proceedings (Note 26), whichever is earlier.

RHT Health Trust and its subsidiaries

Notes to the financial statements
For the financial year ended 31 March 2021

6. Finance income

	Group	
	2021 \$'000	2020 \$'000
Interest income from fixed deposits	28	244

7. Finance expenses

	Group	
	2021 \$'000	2020 \$'000
Bank charges	2	3

8. Loss before taxes from continuing operations

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

	Group	
	2021 \$'000	2020 \$'000
Audit fees paid to:		
Auditor of the Trust	66	66
Non-audit fees paid to:		
Auditor of the Trust	15	45
Other auditors	8	8
Legal and other professional fees	264	482
Withholding taxes	–	350

RHT Health Trust and its subsidiaries

Notes to the financial statements
For the financial year ended 31 March 2021

9. Income tax (credit)/expense

Major components of income tax (credit)/expense

	Group	
	2021 \$'000	2020 \$'000
Consolidated profit or loss:		
Current income tax		
<i>Continuing operations:</i>		
- (Over)/under provision in previous year	(10)	18
	<hr/>	<hr/>
Income tax (credit)/expense recognised in profit and loss	(10)	18
	<hr/> <hr/>	<hr/> <hr/>

Relationship between tax (credit)/expense and accounting loss

The reconciliation between tax (credit)/expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2021 and 2020 is as follows:

	Group	
	2021 \$'000	2020 \$'000
Loss before taxes	(604)	(1,004)
Tax at the domestic rates applicable to profits in the countries where the Group operates	(103)	(171)
Adjustments:		
Income not subject to taxation	(5)	(42)
Non-deductible expenses	107	153
Deferred tax assets not recognised	1	60
(Over)/under provision in previous year	(10)	18
	<hr/>	<hr/>
Tax (income)/expense recognised in profit or loss	(10)	18
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 March 2021 and for the year ended 31 March 2020, domestic tax rate of Singapore was at 17.0%.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

10. 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 after taxes attributable to the Unitholders of the Trust.

	Group Total	
	2021	2020
Loss for the financial year attributable to Unitholders of the Trust (\$'000)	(594)	(1,022)
Weighted average number of units during the financial year ('000)	811,403	811,403
Basic and diluted earnings per unit (in cents per unit)	(0.07)	(0.13)

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.

11. Investment in subsidiaries

	Trust	
	2021 \$'000	2020 \$'000
Investments, unquoted equity shares at cost	12,634	12,634

The Group has the following significant investments in subsidiaries.

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2021	2020
<i>Held by the Trust</i>				
(1) THR Infrastructure Pte. Ltd. ("THRIPL")	Provision of consultancy and management services and that of an investment holding company	Singapore	100	100

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

11. Investment in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2021	2020
<i>Held through subsidiaries:</i>				
(1) THR Services Pte. Ltd. ("THRSPL")	Provision of consultancy and management services and that of an investment holding company	Singapore	100	100

(1) Audited by Ernst & Young LLP.

12. Financial assets

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Amounts due from related parties	–	83	–	55
Other receivables	2	55	–	4
	<u>2</u>	<u>138</u>	<u>–</u>	<u>59</u>

Amounts due from related parties

In 2020, the amounts due from related parties are unsecured, interest-free, repayable on demand and are to be settled in cash.

Expected credit losses

As at 31 March 2021 and 31 March 2020, the Group and the Trust have assessed that the expected credit losses for financial assets to be immaterial. Please refer to the Group and the Trust's credit risk policy detailed in Note 22(a).

13. Deferred tax

Unrecognised tax losses and unabsorbed capital allowances

As the subsidiaries became investment holding entity subsequent to the Disposal of the entire assets, as at 31 March 2021 and 31 March 2020, no tax losses will be allowed to offset against future taxable profits of the entities in which the losses arose.

Tax consequences of proposed distributions

In 2021, there are no distributions to the Unitholders proposed by the Trust.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

14. Other assets

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Sales tax receivables	161	182	161	182
Prepayments	20	20	20	19
	<u>181</u>	<u>202</u>	<u>181</u>	<u>201</u>

15. Cash and cash equivalents

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank	498	761	373	714
Short-term deposits	16,849	16,819	12,701	13,383
Cash and cash equivalents	<u>17,347</u>	<u>17,580</u>	<u>13,074</u>	<u>14,097</u>

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 interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 March 2021 for the Group and the Trust ranged between 0.03% to 0.3% (2020: 0.15% to 1.77%).

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

16. Other liabilities

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Amounts due to subsidiaries	–	–	291,682	292,446
Accrued operating expenses	1,233	1,029	1,003	871
Others	1	1	–	–
	<u>1,234</u>	<u>1,030</u>	<u>292,685</u>	<u>293,317</u>

Amounts due to subsidiaries

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

17. Units in issue

	Group and Trust			
	2021 No. of issued units '000	\$'000	2020 No. of issued units '000	\$'000
Issued and fully paid ordinary units:				
At 1 April and 31 March	<u>811,403</u>	<u>522,247</u>	<u>811,403</u>	<u>522,247</u>

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.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

18. Capital reserve

FHL transferred businesses to Kanishka Healthcare Limited (“KHL”) and Fortis Health Management Limited (“FHML”) at below fair value. The capital reserve amounting to \$210,216,000 (2020: \$210,216,000) of capital reserve represented 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.

19. 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:

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	
	2021	2020
	\$'000	\$'000
Trustee-Manager fee paid to the Trustee-Manager	90	150

20. Leases

Group as a lessee under IFRS 16

For the financial year ended 31 March 2021, the Group does not have any lease agreement nor applied the exemption under IFRS 16 for short-term leases and leases of low-value assets.

Operating lease commitments – as lessee under IAS 17

There was no future minimum lease payment under non-cancellable leases as at 31 March 2021 and 31 March 2020.

21. 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 2021 and 31 March 2020.

(b) ***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 (Note 12), cash and cash equivalents (Note 15) and other liabilities (Note 16).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

22. 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 and liquidity risk. The Board of Directors of the Trustee-Manager reviews and agrees policies and procedures for the management of these risks.

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.

(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 and the Trust's exposure to credit risk arises primarily from other receivables. The Group and the Trust minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Trust 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. Receivable balances are monitored on an ongoing basis with results that the Group and the Trust's exposure to bad debts is not significant.

22. Financial risk management objectives and policies (cont'd)**(a) Credit risk (cont'd)**

At the end of the reporting period, the Group and the Trust's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet.

Financial assets, other financial assets, cash and cash equivalents

For other financial assets, the Group and the Trust minimises credit risk by dealing with counterparties which have a good credit rating. The maximum exposure to credit risk is represented by the carrying amount of each financial assets on the balance sheet.

Financial assets that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and the Trust. Cash and cash equivalents and other financial assets are subject to immaterial credit losses. The Group and the Trust are not subject to significant concentration of credit risk. Cash is placed with financial institution which are regulated and reputable. The maximum exposure to credit risk is represented by carrying amount of each class of financial assets in the balance sheets.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. Subsequent to the disposal of entire portfolio in prior year, the Group and the Trust are currently at net cash position.

The Trust's exposure to liquidity arises primarily from mismatch of the maturities of financial assets and liabilities. The Trust is currently at net current liabilities of \$279,430,000 and net liabilities of \$266,796,000. Upon demand, the Trust has the right to call upon dividends from the subsidiaries to settle the financial liabilities.

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				
2021				
Other liabilities	1,234	–	–	1,234
2020				
Other liabilities	1,030	–	–	1,030
Trust				
2021				
Other liabilities	292,685	–	–	292,685
2020				
Other liabilities	293,317	–	–	293,317

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

22. Financial risk management objectives and policies (cont'd)

(c) *Classification of financial instruments*

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

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Amounts due from related parties	–	83	–	55
Other receivables	2	55	–	4
Cash and cash equivalents	17,347	17,580	13,074	14,097
Financial assets at amortised cost	17,349	17,718	13,074	14,156
Other liabilities representing financial liabilities at amortised cost	(1,234)	(1,030)	(292,685)	(293,317)
Total net undiscounted financial assets/(liabilities)	16,115	16,688	(279,611)	(279,161)

23. Capital management

Subsequent to the disposal, 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.

24. Distributions

No distribution was declared for the financial year ended 31 March 2021 and 31 March 2020.

25. Contingent liability

Expenses related to the termination of loan and swap arrangements paid to an Indian tax resident bank might be subjected to withholding tax. The Group had sought the opinion of tax professional and filed with the tax authority on the identifiable interest expense under Voluntary Disclosure Programme. As the tax authority has yet to finalise the findings and hence the Group is exposed to potential liabilities on the expenses relating to termination of loan and swap arrangements paid to an Indian tax resident bank. Based on the opinion of the tax professional, a conservative potential tax liability has been estimated to be approximately \$960,000.

26. Other matters

Voluntary disclosure – Contempt Proceeding

On 8 November 2019, the Trustee-Manager announced that it would be convening an Extraordinary General Meeting (“EGM”) on 3 December 2019 to seek the approval of Unitholders for the proposed voluntary winding up of RHT (“Voluntary Winding Up”) under Section 45(1) of the Business Trusts Act and the Trust Deed of RHT.

Subsequently, a judgement of the Supreme Court of India (“Court”) dated 15 November 2019 in the matter of Vinay Prakash Singh v. Sameer Gehlaut & Others, Contempt Petition (Civil) No. 2120 of 2018 in Special Leave Petition (Civil) No. 20417 of 2017 (“Contempt Proceedings” and the judgment, “Judgment”) was brought to the Trustee-Manager’s attention. As part of the Judgment, the Court issued a notice of contempt to Fortis Healthcare Limited (“Fortis”).

The Judgment further stated that the Disposal “is a matter which is required to be gone into”, and that the Court is prima facie of the view that certain transactions (including the completion of the Disposal by Fortis) is in wilful disobedience of the Court’s order dated 14 December 2018 read in conjunction with certain earlier orders.

In view of the Judgment, the Trustee-Manager sought independent legal advice from Indian legal counsel on the impact of the Judgment to RHT.

In summary, Indian legal counsel advised the Trustee-Manager that while RHT is neither a party to the Contempt Proceedings nor has it been made an alleged contemnor thereunder, the EGM and the Voluntary Winding Up, and the distribution(s) to Unitholders referred to in the circular to Unitholders dated 8 November 2019, should not be proceeded with in the current circumstances as doing so may be viewed as being contrary to the spirit of the Judgment as well as in defiance of the authority of the Court, exposing RHT to the risk of being joined in the Contempt Proceedings as an alleged contemnor, thereby resulting in RHT incurring additional costs and expenses, and potential liability.

On 25 November 2019, the Trustee-Manager had also received a request from Fortis requesting that: “the voluntary winding up process be immediately revoked (including but not limited to the revocation of notice for holding of the proposed EGM to approve the voluntary winding up) which shall be in the nature of a suspension of the voluntary winding up process, or the proposed EGM for the same be adjourned till the earlier of: (a) a clarification having been received from the Court to specifically allow for Trustee-Manager to proceed with the voluntary winding up process; or (b) the Court having disposed of the Contempt Proceedings”.

26. Other matters (cont'd)

Voluntary disclosure – Contempt Proceeding (cont'd)

Having regard to:

- (a) the advice from Indian legal counsel received by the Trustee-Manager on the Judgment;
- (b) the request from a Unitholder that the EGM be adjourned; and
- (c) the priority of the Trustee-Manager to preserve the assets of RHT in the interests of Unitholders as a whole,

The Trustee-Manager was of the view that it would have been in the interests of Unitholders to consider the adjournment of the EGM for the Voluntary Winding Up until such date and time when the Trustee-Manager is able to make an informed decision as to whether and how the proposed Voluntary Winding Up may be proceeded with.

In view of the uncertainty on the outcome of the Contempt Proceedings before the Court, and its impact on the proposed Voluntary Winding Up, and with a view to maintaining a fair, orderly and transparent market, trading in the units of RHT was voluntarily suspended on 28 November 2019.

On 3 December 2019, the resolution for the proposed adjournment of the EGM for the proposed Voluntary Winding Up was put to vote and was duly passed on an electronic poll vote. The EGM was adjourned until such later date and time when the Trustee-Manager is able to make an informed decision as to whether and how the proposed Voluntary Winding Up may be proceeded with.

As stated in the announcement dated 14 May 2021, the Court hearing had continued on 8 April 2021, 13 April 2021, 15 April 2021, 22 April 2021, 28 April 2021, 29 April 2021, 30 April 2021, 4 May 2021, 10 May 2021 and 12 May 2021, during which the Court continued to hear arguments from the various parties, including Fortis. The legal proceedings may take some time to conclude and the Trustee-Manager will continue to monitor matters leading up to and including the hearing for the Contempt Proceedings. The Trustee-Manager is hopeful of being in a better position to make a more informed decision on whether to proceed with the Voluntary Winding Up after the hearing of the Contempt Proceedings, depending on the outcome thereof. Once there is clarity from the Court and in the absence of any other extenuating circumstances, such as any discussions or negotiations on the injection of a suitable business into RHT, the Trustee-Manager intends to reconvene the EGM for the proposed Voluntary Winding Up.

As of the date of the financial statement, the legal proceedings had not been concluded and the Trustee-Manager will continue to monitor matters leading up to and including the hearing for the Contempt Proceedings.

RHT Health Trust and its subsidiaries

Notes to the financial statements For the financial year ended 31 March 2021

27. Segment information

Subsequent to the Disposal in year 2019, the Trust was deemed to be a cash trust in Singapore and accordingly no segment information is being disclosed for the financial year ended 31 March 2021 and 31 March 2020.

28. Authorisation of financial statements

These financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 31 May 2021.