

1. Subject:

Whether the Exchange Fee (defined below) will be regarded as “break cost” under Section 13(16) of the Income Tax Act 1947 (2020 Revised Edition) (“**ITA**”), in which case:

- a. Noteholders (defined below) deriving the Exchange Fee will be entitled to the tax exemptions and concessions available under Section 13(1)(ba) and 43H of the ITA, and individuals deriving such income (other than through a partnership in Singapore or from the carrying on of a trade, business or profession in Singapore) will be exempt from tax on such income pursuant to Section 13(1)(zk) of the ITA; and
 - b. The Exchange Fee will not be subject to withholding tax when paid by the Issuer to non-resident Noteholders of the Offered Notes (defined below) under the qualifying debt securities scheme.
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2. Relevant background and facts:

- a. The Issuer is a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited.
- b. The Issuer had issued a tranche of notes (the “**Existing Notes**”) pursuant to its multicurrency debt issuance programme (the “**Programme**”). The Existing Notes are qualifying debt securities (“**QDS**”) for the purposes of the ITA.
- c. The Issuer has invited the holders of the Existing Notes (“**Noteholders**”) to exchange their Existing Notes for New Notes (defined below), subject to the terms and conditions of the Exchange Offer Memorandum (“**Invitation**”).
- d. The Existing Notes offered for exchange (“**Offered Notes**”) which have been accepted for exchange by the Issuer will be exchanged for the Exchange Consideration.
- e. The Exchange Consideration comprises:
 - i. new notes to be issued by the Issuer pursuant to the Programme (the “**New Notes**”);
 - ii. the Exchange Fee; and

- iii. an amount in cash equal to the accrued and unpaid interest in respect of the Offered Notes accepted for exchange.
- f. By participating in the Offer to Exchange, each Noteholder agrees that any exchange of its Offered Notes for New Notes constitutes a purchase of such Offered Notes by the Issuer pursuant to the terms and conditions of the Existing Notes, and the receipt of the Exchange Consideration by such Noteholder pursuant to the terms and conditions of the Invitation constitutes the payment of consideration by the Issuer for such purchase. Each Noteholder further agrees that the receipt by such Noteholder of the Exchange Consideration pursuant to the terms and conditions of the Invitation shall constitute full and final discharge of the Issuer's obligations to such Noteholder under the terms and conditions of the Existing Notes with respect to payment of principal, premium and interest on such Offered Notes and no other amounts shall be payable to such Noteholder.
- g. Existing Notes which were accepted for exchange have been cancelled by the Issuer while Existing Notes not exchanged pursuant to the Invitation will remain outstanding.
- h. The New Notes are also intended to be QDS.
- i. The Exchange Fee represents the amount payable by the Issuer to Noteholders (over the principal amount of the Existing Notes) for the Offered Notes which have been accepted for purchase pursuant to the Invitation to compensate Noteholders for the loss incurred by them in connection with the early redemption of the Existing Notes.

3. Relevant legislative provisions:

- a. Income Tax Act 1947 (2020 Revised Edition) - Sections 13(1)(ba), 13(1)(zk), 13(2F), 13(16) and 43H
 - b. Income Tax (Qualifying Debt Securities) Regulations
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4. The rulings:

- a. The Exchange Fee will be regarded as "break cost" under Section 13(16) of the ITA. Therefore, subject to satisfying the governing conditions under the Income Tax (Qualifying Debt Securities) Regulations, Sections 43H and 13(2F) of the ITA, where applicable:
 - a. Noteholders deriving the Exchange Fee will be entitled to the tax exemptions and concessions available under Section 13(1)(ba) and Section 43H of the ITA, and individuals deriving such income (other than through a partnership in Singapore or from the carrying on of a

trade, business or profession in Singapore) will be exempt from tax on such income pursuant to Section 13(1)(zk) of the ITA; and

- b. The Exchange Fee will not be subject to withholding tax when paid by the Issuer to non-resident Noteholders under the QDS Scheme.

5. Reasons for the decision:

- a. The Exchange Fee falls within the definition of “break cost” under section 13(16) of the ITA as it represents the amount payable to Noteholders to compensate Noteholders for the loss incurred by them in connection with such early redemption of the Existing Notes.

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