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the manager or any affiliate of the manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the manager or such affiliate on behalf of the issuer of the securities in such jurisdiction.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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PUBLIC UTILITIES BOARD

(Existing pursuant to the Public Utilities Act, Chapter 261 of Singapore)

S\$300,000,000 3.01 per cent. Bonds Due 2033

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the S\$300,000,000 3.01 per cent. Bonds Due 2033 (the “**Bonds**”) to be issued by Public Utilities Board (the “**Issuer**”) may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application will be made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of, and quotation for, the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Bonds on, the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries or the Bonds.

Lead Manager



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NOTICE

DBS Bank Ltd. (the “**Lead Manager**”) has been appointed by Public Utilities Board (the “**Issuer**”) to arrange the issue by the Issuer of the S\$300,000,000 in principal amount of 3.01 per cent. Bonds Due 2033 (the “**Bonds**”).

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and the Bonds. The Issuer, having made all reasonable enquiries, confirms that (1) this Information Memorandum contains all information with respect to the Issuer, to the Issuer and its subsidiaries taken as a whole (the “**Group**”) and to the Bonds which is material in the context of the issue and offering of the Bonds, (2) the statements contained in this Information Memorandum are true and accurate in all material respects and not misleading in any material respect, (3) the opinions and intentions of the Issuer expressed in this Information Memorandum with regard to the Issuer and to the Group are honestly, fairly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (4) there are no other facts in relation to the Issuer, the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Information Memorandum misleading in any material respect and (5) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Lead Manager or DBS Trustee Limited (the “**Trustee**”). Nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or its subsidiaries. The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time subsequent to such date.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Bonds may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Lead Manager or the Trustee to subscribe for or purchase, any of the Bonds in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Bonds in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

The Bonds have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Bonds shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Lead Manager or the Trustee to subscribe for or purchase, any of the Bonds.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Bonds have been prepared solely for the purpose of the initial sale or placement by the Lead Manager of the Bonds. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) and may not be relied upon by any person other than persons to whom the Bonds are sold or with whom they are placed by the Lead Manager as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Bonds shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the affairs, business or financial position of the Issuer or its subsidiaries or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Issuer, the Lead Manager, the Trustee or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Bonds or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries. Further, neither the Lead Manager nor the Trustee gives any representation or warranty as to the Issuer or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither the Lead Manager nor the Trustee has separately verified the information contained in this Information Memorandum. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Lead Manager or the Trustee that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Bonds. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the affairs, business and financial condition and the creditworthiness of the Issuer and its subsidiaries, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the affairs, business and financial condition and its appraisal of the creditworthiness of the Issuer and its subsidiaries. Accordingly, notwithstanding anything herein, none of the Issuer, the Lead Manager or the Trustee or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any subscription, purchase or acquisition of any of the Bonds by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, neither the Lead Manager nor the Trustee accepts any responsibility to the investors in the Bonds for the contents of this Information Memorandum or for any other statement made or purported to be made by the Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Bonds. The Lead Manager and the Trustee accordingly disclaim all and any liability to the investors in the Bonds whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Any subscription, purchase or acquisition of the Bonds is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined herein) and the issue of the Bonds by the Issuer to the Lead Manager pursuant to the Subscription Agreement and the Subscription Agreement not being terminated for any reason whatsoever. Any offer, invitation to offer or agreement made in connection with the subscription, purchase or acquisition of the Bonds or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Lead Manager or the Trustee) lapse and cease to have any effect if (for any reason whatsoever) the Bonds are not issued by the Issuer to the Lead Manager pursuant to the Subscription Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Information Memorandum and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Lead Manager and the Trustee to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Bonds and distribution of this Information Memorandum set out under the section "Subscription, Purchase and Distribution" on pages 45 to 47 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Bonds or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Bonds or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for, purchase or otherwise acquire any of the Bonds consult their own legal and other advisers before subscribing for, purchasing or acquiring the Bonds.

Prospective investors should pay attention to the risk factors set out in the section titled "Risk Factors".

The Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Prohibition of Sales to EEA Retail Investors

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward- looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward- looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (as defined herein), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Lead Manager and the Trustee do not represent or warrant that the actual future results, performance or achievements of the Issuer and/or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Bonds by the Issuer shall, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the affairs, business or financial position of the Issuer, any of the subsidiaries or associated companies (if any) of the Issuer or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Lead Manager and the Trustee disclaim any responsibility and undertake no obligation to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

“ABC Waters”	: Active, Beautiful, Clean Waters
“Bondholders”	: The holders of the Bonds
“Bonds”	: The S\$300,000,000 3.01 per cent. Bonds Due 2033 to be issued by the Issuer
“CDP”	: The Central Depository (Pte) Limited
“Companies Act” or “Act”	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Condition”	: In relation to the Bonds, the terms and conditions applicable thereto, which shall be substantially in the form set out in Schedule 1 to the Trust Deed, as modified by the provisions of the Global Bond and shall be endorsed on the definitive Bonds, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
“Couponholders”	: The holders of the Coupons
“Coupons”	: The interest coupons appertaining to the Bonds
“DBOO”	: Design, Build, Own and Operate
“DTSS”	: Deep Tunnel Sewerage System
“FY”	: Financial year ended 31 March of the following year
“Global Bond”	: The permanent global Bond representing the Bonds
“Group”	: The Issuer and its subsidiaries
“Issue”	: The proposed issue of the Bonds by the Issuer
“Issuer” or “PUB”	: Public Utilities Board
“IW”	: Industrial water
“Lead Manager”	: DBS Bank Ltd.
“MAS”	: The Monetary Authority of Singapore
“mgd”	: Million gallons of water a day

“Paying Agency Agreement”	: The Paying Agency Agreement to be made between (1) the Issuer, as issuer, (2) the Paying Agent, as paying agent, and (3) the Trustee, as trustee, as amended, varied or supplemented from time to time
“Paying Agent”	: DBS Bank Ltd.
“PU Act”	: The Public Utilities Act, Chapter 261 of Singapore, as amended or modified from time to time
“PUBC”	: PUB Consultants Private Limited
“PW”	: Potable water
“Securities Act”	: The Securities Act of 1933 of the United States, as amended
“SFA”	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	: The Singapore Exchange Securities Trading Limited
“SIPL”	: Singapore International Water Week Pte. Ltd.
“SIWW”	: Singapore International Water Week
“Subscription Agreement”	: The Subscription Agreement dated 10 July 2018 made between (1) the Issuer, as issuer, and (2) the Lead Manager, as lead manager, as amended, varied or supplemented from time to time
“Trust Deed”	: The Trust Deed to be made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time
“Trustee”	: DBS Trustee Limited
“United States” or “U.S.”	: United States of America
“WRP”	: Water Reclamation Plant
“S\$” or “\$” and “cents”	: Singapore dollars and cents respectively
“%”	: per cent.
“km”	: kilometres
“m”	: metres
“m ³ ”	: cubic metres

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

The Members of the Issuer	: Mr. Chiang Chie Foo Mr. Ng Joo Hee Mr. Abu Bakar bin Mohd Nor Mr. S Thiagarajan Mr. Tan Siong Leng Ms. Janet Ang Prof. Quek Tong Boon Ms. Rachel Eng Mr. Tan Wah Yeow Mr. Chan Beng Seng Prof. Chan Eng Soon
Principal Place of Business	: 40 Scotts Road #22-01 Environment Building Singapore 228231
Auditors of the Issuer in respect of the financial year ended 31 March 2017	: Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Auditors of the Issuer in respect of the financial year ended 31 March 2018	: PricewaterhouseCoopers LLP 7 Straits View Marina One, East Tower, Level 12 Singapore 018936
Lead Manager of the Issue	: DBS Bank Ltd. 12 Marina Boulevard Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Issuer	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Lead Manager	: WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Trustee	: Norton Rose Fulbright (Asia) LLP One Raffles Quay #34-02 North Tower Singapore, 048583
Paying Agent for the Bonds	: DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838

Trustee for the holders of the Bonds : DBS Trustee Limited
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

SUMMARY OF THE PROPOSED ISSUE

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum, the Paying Agency Agreement and the Trust Deed including, without limitation, the terms and conditions of the Bonds.

Issuer	: Public Utilities Board
Lead Manager	: DBS Bank Ltd.
Paying Agent	: DBS Bank Ltd.
Trustee	: DBS Trustee Limited
Description	: S\$300,000,000 3.01 per cent. Bonds Due 2033
Method of Issue	: The Bonds will be offered to investors pursuant to exemptions under Sections 274 and/or 275 of the SFA.
Issue Date	: 18 July 2018
Issue Price	: 100%
Mandatory Redemption	: Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 18 July 2033.
Interest	: The Bonds will bear interest at a fixed rate of 3.01 per cent. per annum payable semi-annually in arrear on 18 January and 18 July in each year.
Form and Denomination of the Bonds	: The Bonds will be issued in bearer form and in the denomination of S\$250,000 each and will initially be represented by the Global Bond without interest coupons. The Global Bond will be exchangeable for Bonds in definitive form in accordance with its terms. Bonds in definitive form will have interest coupons attached.
Status of the Bonds	: The Bonds and Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without preference among themselves. The payment obligations of the Issuer under the Bonds and Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

- Custody of the Bonds : The Bonds will be cleared through CDP and are to be kept with CDP as authorised depository.
- Listing : Application will be made to the SGX-ST for the listing of, and quotation for, the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Information Memorandum. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Bonds on, the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries or the Bonds.
- If the application to the SGX-ST to list the Bonds is approved, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).
- Redemption for Taxation Reasons : The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after 10 July 2018, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay or increase the payment of such additional amounts were a payment in respect of the

Bonds then due (see the section “Terms and Conditions of the Bonds” below).

Bondholders’ Option

- : If, as a result of any amendment to (i) the PU Act or (ii) any other statute, the Issuer ceases to be a statutory board or a body established by written law to discharge functions of a public nature or the Bonds cease to be the obligations of the Issuer and any such event would materially and adversely affect the interests of the Bondholders, the Issuer will, at the option of a Bondholder, purchase the Bonds from such Bondholder at their principal amount (together with interest accrued to (but excluding) the date fixed for purchase) on the date falling 30 days from the date of the exercise by the holder of such option (see the section “Terms and Conditions of the Bonds” below).

Taxation

- : All payments by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. (For further details, see the section “Terms and Conditions of the Bonds” below).

Selling Restrictions

- : For a description of certain restrictions on offers, sales and deliveries of Bonds and the distribution of offering material relating to the Bonds, see the section on “Subscription, Purchase and Distribution” below.

Governing Law

- : The Bonds will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the terms and conditions which, subject to completion and amendment, will be endorsed on the definitive Bonds if issued in exchange for the Global Bond. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

The issue of the S\$300,000,000 principal amount of 3.01 per cent. Bonds Due 2033 (the “**Bonds**”) of Public Utilities Board (the “**Issuer**”) are constituted by a Trust Deed (the “**Trust Deed**”) dated 18 July 2018 made between the Issuer and DBS Trustee Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the “**Bondholders**”). The issue of the Bonds was authorised by the members of the Issuer on 2 July 2018 and the Bonds are issued with the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated 18 July 2018 executed by the Issuer by way of a deed poll in relation to the Bonds. Payments in respect of the Bonds will be made pursuant to a Paying Agency Agreement (the “**Paying Agency Agreement**”) dated 18 July 2018 made between the Issuer, the Trustee and DBS Bank Ltd. (the “**Paying Agent**”). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the Bonds and the coupons relating to them (the “**Coupons**”) and also includes provisions which are not summarised herein. Copies of the Trust Deed, the Paying Agency Agreement and the Deed of Covenant are available for inspection during usual business hours at the specified office of the Paying Agent, being 10 Toh Guan Road, #04-11 (Level 4B), DBS Asia Gateway, Singapore 608838. The Bondholders and the holders of the Coupons (the “**Couponholders**”) are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Covenant and are deemed to have notice of those applicable to them of the Paying Agency Agreement.

1. Form, Denomination, Title and Transfer

(a) Form and Denomination

The Bonds are serially numbered and in bearer form in the denomination of S\$250,000 each with Coupons attached on issue.

(b) Title

Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as ordered by a court of Singapore or as required by law) be deemed and treated as its absolute owner for all purposes (whether or not it shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and no person will be liable for so treating the holder.

(c) Global Bond

For so long as any of the Bonds is represented by the Global Bond (as defined in the Trust Deed) and the Global Bond is held by The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Bonds (in which regard any certificate or other document issued by the Depository as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Paying Agent and all other agents of the Issuer as the holder of such principal amount of Bonds for all purposes other than with respect to the payment of principal, premium (if any), interest, distribution, redemption, purchase and/or any other amounts in respect of such principal amount of Bonds, for which purpose the bearer of the Global Bond shall be treated by the Issuer, the Trustee, the Paying Agent and all other agents of the Issuer as the holder of such principal amount of Bonds in accordance with and subject to the terms of the Global Bond (and the expressions “**Bondholder**” and “**holder of Bonds**” and related expressions shall be

construed accordingly). Bonds which are represented by the Global Bond will be transferable only in accordance with the rules and procedures for the time being of the Depository.

2. Status

The Bonds and Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Bonds and Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

3. Interest

The Bonds bear interest from 18 July 2018 at the rate of 3.01 per cent. per annum, payable semi-annually in arrear on 18 January and 18 July in each year (each an “**Interest Payment Date**”). Each Bond bears interest from (and including) any Interest Payment Date to (but excluding) the immediately following Interest Payment Date and will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day seven days after the Trustee or the Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholders under these Conditions). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 365-day year and the actual number of days elapsed.

4. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at its principal amount on 18 July 2033. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition (but without prejudice to Condition 8).

(b) Purchase at the Option of Bondholders

If, as a result of any amendment to (i) the Public Utilities Act, Chapter 261 of Singapore or (ii) any other statute, the Issuer ceases to be a statutory board or a body established by written law to discharge functions of a public nature or the Bonds cease to be the obligations of the Issuer and any such event would materially and adversely affect the interests of the Bondholders, the Issuer will, at the option of the holder of any Bond, purchase such Bond at its principal amount (together with interest accrued to (but excluding) the date fixed for purchase) on the date falling 30 days from the date of the exercise by the holder of such option. The Issuer will give prompt notice to the Bondholders of the occurrence of the event referred to in this Condition 4(b) in accordance with Condition 14. To exercise such option, a Bondholder shall deposit any Bonds to be purchased with the Paying Agent at its specified office together with all Coupons relating to such Bonds which mature after the date fixed for purchase, and together with a duly completed option exercise notice in the form obtainable from the Paying Agent, no later than 10 business days from the date of the Issuer's notice to the Bondholders of the occurrence of such event (or such longer period, not exceeding 30 business days, as the Issuer may notify to the Bondholders in such notice). Any Bonds so deposited may not be withdrawn without the prior written consent of the Issuer. Any Bonds purchased by the Issuer may be held, resold or surrendered to any Paying Agent for cancellation. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and

shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 8 and 9.

(c) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after 10 July 2018, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay or increase the payment of such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by a duly authorised officer of the Issuer stating that the obligation of the Issuer referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it (and the Trustee shall be entitled to accept such certificate as sufficient evidence of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders) and the Issuer is entitled to effect such redemption by setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay or increase the payment of such additional amounts as a result of such change or amendment.

(d) Purchases

The Issuer and any of its subsidiaries may at any time purchase Bonds at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise.

The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 8 and 9.

(e) Cancellation

All Bonds purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering each such Bond together with all unmatured Coupons to the Paying Agent at its specified office and, if so surrendered, shall, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold.

5. Payments

(a) Principal and Interest

Payments of principal and interest will, subject as mentioned below, be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the relevant Bonds or Coupons, as the case may be, at the specified office of the Paying Agent by a

Singapore dollar cheque drawn on, or, at the option of the holders, by transfer to a Singapore dollar account maintained by the payee with, a bank in Singapore.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(c) Paying Agent

The Paying Agent initially appointed by the Issuer and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other Paying Agents, provided that it will at all times maintain a Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Bondholders in accordance with Condition 14.

The Paying Agency Agreement may be amended by the Issuer, the Trustee and the Paying Agent without the consent of any Bondholder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Trustee and the Paying Agent may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Trustee and the Paying Agent, materially and adversely affect the interests of the Bondholders or the Couponholders.

(d) Unmatured Coupons

Each Bond should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within the prescription period relating thereto specified in Condition 7.

(e) Non-business days

If any date for the payment in respect of any Bond or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or payment in respect of any such delay.

In these Conditions, “**business day**” means a day (other than Saturday or Sunday) on which commercial banks are open for business in Singapore.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Bonds or the Coupons payment of all or any part of such sum shall not be made against due presentation of the Bonds or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to (but excluding) the day of actual receipt by the relevant Bondholders or, as the case may be, Couponholders (both before and after judgment) at a rate per annum determined by the Paying Agent to be equal to one per cent. per annum above the rate of interest payable on the Bonds as provided under Condition 3. The Issuer shall pay any unpaid interest accrued on the amount so unpaid on the last business day of the calendar month in which such interest accrued and any interest payable under this paragraph (f) which is not paid on the last business day of the calendar month in which it accrued shall be added to the overdue sum and itself bear interest accordingly. Interest at the rate(s) determined

in accordance with this paragraph (f) shall be calculated on the basis of a year of 365 days and the actual number of days elapsed.

6. Taxation

All payments by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of it being connected with Singapore otherwise than by reason only of the holding of such Bond or Coupon or the receipt of any sums due in respect of such Bond or Coupon (including, without limitation, the holder who is a resident of, or a permanent establishment in, Singapore); or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

In these Conditions, “**Relevant Date**” in respect of any Bond or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders in accordance with Condition 14 that, upon further presentation of the Bond or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or pursuant to any undertaking given by the Issuer in addition to or substitution for it under the Trust Deed.

7. Prescription

Claims against the Issuer for payment in respect of the Bonds and Coupons shall become void unless made within three years from the appropriate Relevant Date in respect of them.

8. Events of Default

If any of the following events (“**Events of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

- (a) the Issuer fails to pay the principal of the Bonds (whether becoming due upon redemption or otherwise) or any interest on any of the Bonds when due, and such default continues for a period of seven business days; or
- (b) the Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in any of the Bonds or the Trust Deed which default is incapable of remedy or, if in the reasonable opinion of the Trustee, that default is capable of remedy and is not in the reasonable opinion of the Trustee remedied

within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or

- (c) (i) any other present or future indebtedness (in an aggregate amount of not less than S\$30,000,000 (or its equivalent in any other currency or currencies)) of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or
- (ii) the Issuer fails to pay when due any amount (in an aggregate amount of not less than S\$30,000,000 (or its equivalent in any other currency or currencies)) payable by it under any present or future guarantee for any moneys borrowed or raised; or
- (d) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer over all or any substantial part of the undertaking, property, assets or revenues of the Issuer becomes enforceable; or
- (e) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under any of the Bonds, any of the Coupons or the Trust Deed; or
- (f) any action, condition or thing (including obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into and perform and comply with its obligations under the Bonds, the Coupons and/or the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable or (iii) to make the Bonds, the Coupons and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done; or
- (g) a moratorium is agreed or declared in respect of all or any material part of the indebtedness of the Issuer or the Government of Singapore or any court or other authority in Singapore takes any action for the distribution of the assets of the Issuer or any material part thereof among any creditors of the Issuer.

9. Meetings of Bondholders and Modifications

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals by the Issuer, *inter alia*, (a) to modify the maturity of the Bonds or the dates on which interest is payable on them, (b) to reduce or cancel the principal amount of, or interest on, the Bonds, (c) to change the currency of payment of the Bonds or (d) to modify the provisions concerning the quorums required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary

Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) Modifications and Waivers

The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or the Paying Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Paying Agency Agreement which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.

(c) Entitlement of Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

10. Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Paying Agent or at the specified office of such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Bondholders in accordance with Condition 14, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Bond or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Bond or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

11. Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

12. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

13. Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further bonds either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that the same shall be consolidated and form a single series with such Bonds or upon such terms as the Issuer may determine at the time of their issue, and references in these Conditions to “Bonds” shall be construed accordingly.

14. Notices

Notices to the holders of Bonds will be valid if published in a daily newspaper in the English language of general circulation in Singapore (which is expected to be *The Business Times*) (or, if the holders of any Bonds can be identified, notices to such holders will also be valid if they are given to each of such holders). Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition.

Until such time as any definitive Bonds are issued, there may, so long as the Global Bond is held in its entirety on behalf of the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to (subject to the agreement of the Depository) the Depository for communication by it to the Bondholders, except that if the Bonds are listed on Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Bondholders on the seventh day after the day on which the said notice was given to the Depository.

Notices to be given by any Bondholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Bond or Bonds, with the Paying Agent. Whilst the Bonds are represented by the Global Bond, such notice may be given by any Bondholder to the Paying Agent through the Depository in such manner as the Paying Agent and the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Bondholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days following the date of despatch to the Bondholders.

15. Governing Law and Jurisdiction

The Bonds and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

The courts of Singapore are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Bonds or the Coupons (the “**Proceedings**”) shall be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum or on any similar grounds.

16. Contracts (Rights of Third Parties) Act, Chapter 53B

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors in the Bonds should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the operations, operating results, business, financial condition, performance and/or prospects of the Issuer or its subsidiaries or any decision to purchase, own or dispose of the Bonds. Additional risks which the Issuer or its subsidiaries are currently unaware of may also impair their respective operations, operating results, business, financial condition, performance and/or prospects. If any of the following risk factors develops into actual events, the operations, operating results, business, financial condition, performance and/or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Bonds may be adversely affected and investors may lose all or part of their investment in the Bonds.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in the Bonds may require in investigating the Issuer or the Group prior to making an investment or divestment decision in relation to the Bonds. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Bonds only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Bonds is suitable is a prospective investor's responsibility, even if such investor has received information to assist it in making such determination.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Bonds (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Lead Manager or the Trustee that any recipient of this Information Memorandum or any such other document or information (or any such part thereof) should subscribe for or purchase or sell any of the Bonds. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer or its subsidiaries, the Lead Manager, the Trustee or any person affiliated with any of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Bonds should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any such part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries, the terms and conditions of the Bonds and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding whether to make an investment in the Bonds.

Risks associated with the Issuer's business

Business

The Issuer is subject to risks associated with the development, operation and management of Singapore's water supply, water catchment, drainage and used water functions, such as changes in demand and operational risks.

The Issuer obtains its water supply from various sources, including local water catchments, imported

water from Johor, Malaysia, NEWater and desalinated water. Although the Issuer aims to diversify its water supply sources, there is a risk that any or all of its sources may be disrupted. In the event of major and prolonged disruption of such water supply sources, the Issuer's business and/or operations may be affected.

The Issuer is heavily dependent on technology in order to carry out its water supply, water catchment, drainage and used water functions. This requires significant on-going capital investment in the Issuer's plant and machinery systems.

While the Issuer has put various measures and redundancies in place to minimise the risk of failure and to ensure the integrity of its current systems, there is always the risk of a system failure or interruption due to technical failures and/or human errors. If there is a major and prolonged period of system failure, there could be an adverse effect on the Issuer's operations, operating results, business, financial condition, performance and/or prospects.

Change in Legislation

The Issuer is continued under the PU Act which together with the relevant subsidiary legislation, sets out the functions of the Issuer. If there is any change made to the PU Act or the relevant subsidiary legislation, such change may adversely affect the ability of the Issuer to comply with its obligations under the Bonds.

Changes in Government Policies

As a statutory board, the Issuer is legislated to administer Singapore's water supply, water catchment, drainage and used water in an integrated manner. The Issuer derives its main source of income from the collection of water charges and waterborne taxes¹ levied on its customers. The Issuer also receives funds from the Singapore Government to defray the operating and development costs of the public drainage network, as well as the development costs of used water reticulation network, and for the construction of ABC Waters projects. There is a risk that the Singapore Government may change its policy and cease to mandate the Issuer as the sole water agency and/or withdraw the provision of such funding. In addition, any changes in applicable laws, regulations and policies could affect the Issuer and its operations, operating results, business, financial condition, performance and/or prospects

Risks associated with the Bonds

Limited Liquidity of the Bonds

There can be no assurance regarding the future development of the market for the Bonds or the ability of the Bondholders, or the price at which the Bondholders may be able, to sell their Bonds. The Bonds may have no established trading market when issued, and one may never develop. Even if a market for the Bonds does develop, there can be no assurance as to the liquidity or sustainability of any such market. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar debt securities, general economic conditions and the financial condition of the Issuer. If the Bonds are trading at a discount, investors may not be able to receive a favourable price for their Bonds, and in some circumstances investors may not be able to sell their Bonds at their fair market value or at all.

In addition, the market for debt securities has been subject to disruptions that have caused volatility in prices of securities similar to the Bonds. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for the Bonds.

¹ The term "waterborne taxes" as used in this Information Memorandum covers both the waterborne fee and the sanitary appliance fee (the latter of which is currently zero rated).

Fluctuation of Market Value of the Bonds

Trading prices of the Bonds are influenced by numerous factors, including the operating results, business and/or financial condition of the Issuer and/or its subsidiaries, political, economic, financial and any other factors that can affect the capital markets, the industry and the Issuer and its subsidiaries generally. Adverse economic developments, acts of war and health hazards in Singapore and countries with significant trade relations with Singapore could have a material adverse effect on the Singapore economy and the operations, operating results, business, financial condition, performance and/or prospects of the Issuer and/or its subsidiaries.

Further, in the past, global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Bonds.

Financial Risk

Interest payment and principal repayment for debts occur at specified periods regardless of the performance of the Issuer. The Bonds are not guaranteed by the Singapore Government and should the Issuer suffer serious decline in its net operating cash flows, it may be unable to make interest payments and/or principal repayments under the Bonds.

The Bonds are not secured

The Bonds and the Coupons relating to them constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable legislation, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer. Accordingly, on a winding-up or dissolution of the Issuer at any time prior to maturity of any Bonds, the Bondholders will not have recourse to any specific assets of the Issuer and its subsidiaries as security for outstanding payment or other obligations under the Bonds and/or Coupons owed to the Bondholders and there can be no assurance that there would be sufficient value in the assets of the Issuer after meeting all claims ranking ahead of the Bonds, to discharge all outstanding payment and other obligations under the Bonds and/or Coupons owed to the Bondholders.

The Bonds will be represented by a Global Bond and holders of a beneficial interest in the Global Bond must rely on the procedures of CDP

The Bonds will be represented by a Global Bond deposited with CDP. Except in the circumstances described in the Global Bond, investors will not be entitled to receive definitive Bonds. CDP will maintain records of their direct account holders in relation to the Global Bond.

While the Bonds are represented by a Global Bond, investors will be able to trade their beneficial interests only through CDP. While the Bonds are represented by a Global Bond, the Issuer will discharge its payment obligations under the Bonds by making payments to CDP for distribution to their account holders. A holder of beneficial interest in the Global Bond must rely on the procedures of CDP to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bond.

Holders of beneficial interests in the Global Bond will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by CDP to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Bond will not have a direct right under the Global Bond to take enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Bonds may depend upon the due performance by the other parties to the Subscription Agreement, the Trust Deed and the Paying

Agency Agreement of their obligations thereunder including the performance by the Trustee and the Paying Agent of their respective obligations. Whilst the non-performance of any relevant party will not relieve the Issuer of its obligations to make payments in respect of the Bonds, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Bondholders and the Couponholders.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Provisions in the Trust Deed, the Paying Agency Agreement and the terms and conditions of the Bonds may be modified

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The terms and conditions of the Bonds also provide that the Trustee may, without the consent of the Bondholders, agree to (i) any modification of any of the provisions of the Trust Deed or the Paying Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Paying Agency Agreement which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders.

The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including pursuant to Condition 11), the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes action on behalf of Bondholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such action directly.

Interest Rate Risk

Bondholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

A change in Singapore law which governs the Bonds may adversely affect Bondholders

The Bonds are governed by Singapore law in effect as at the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Bonds.

Singapore Tax Risk

The Bonds to be issued are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfillment of certain conditions more particularly described in the section on “Singapore Taxation”. However, there is no assurance that such Bonds will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

THE ISSUER - PUBLIC UTILITIES BOARD

History and Business

1. The Public Utilities Board ("PUB") is a statutory board established on 1 May 1963 to take over the responsibility of providing electricity, water and piped gas from the former City Council. In a move by the Singapore Government to privatise certain national assets, the electricity and gas operations of PUB were transferred to certain successor companies under Temasek Holdings (Private) Limited in 1995.
2. In accordance with the PU Act, PUB came under the purview of the Ministry of the Environment and Water Resources on 1 April 2001.
3. The principal activities of PUB are to supply water to the public and act as agent to the Singapore Government in the construction, management and maintenance of the public sewerage systems, public sewers, and storm water drainage systems belonging to the Singapore Government.
4. In the early years of nation building, with limited land to collect and store rainwater, Singapore faced drought, floods and water pollution. These challenges inspired PUB to strategise and seek innovative ideas, develop capabilities and secure a sustainable supply of water.
5. Today, PUB has developed a diversified and sustainable water supply strategy for Singapore with the Four National Taps. The Four National Taps are local catchment water, imported water, NEWater and desalinated water. PUB's water treatment processes are designed to ensure that Singapore's drinking water is well within World Health Organisation's guidelines for drinking water.

Local Catchment Water

6. PUB has continually invested in new reservoir schemes to increase local water sources. These investments have increased the number of reservoirs from three during Singapore's Independence to 17 today. As much as two thirds of Singapore's land area is utilised as water catchment to collect rainwater for Singapore's water supply. PUB currently operates seven water treatment plants in Singapore, the most recent being Lower Seletar Waterworks which was completed in 2015, to treat raw water from Singapore's local water catchment into potable water for consumption.

Imported Water

7. Singapore imports water from Johor, Malaysia under the 1962 Water Agreement, under which Singapore is granted the full and exclusive right to draw 250 million gallons of water a day from the Johor River until 2061. Raw water from the Johor River is treated in the Johor River Waterworks before transmission via pipelines to Singapore. PUB also maintains and operates the Linggiu Reservoir under the 1990 Agreement to construct and operate the reservoir, which agreement is supplementary to the 1962 Water Agreement.

NEWater

8. To make Singapore's water supply system even more reliable and resilient in meeting future demand for water, PUB has leveraged new technologies by developing alternative sources of water such as NEWater and desalinated water. NEWater refers to the high-grade reclaimed water that is produced using advanced membrane and ultraviolet technologies.
9. Used water collected from homes and buildings is sent to the Water Reclamation Plants for treatment to a quality that is suitable for production of NEWater or discharged into the seas. At the NEWater plants, the treated used water is further purified using microfiltration and reverse osmosis to remove contaminants, bacteria and viruses, and then disinfected with ultraviolet light as an additional barrier.
10. NEWater is primarily supplied to non-domestic sectors such as wafer fabrication plants, petrochemical plants, manufacturing industries and commercial buildings for industrial and air-conditioning purposes. A small percentage of NEWater is also injected into the reservoirs

before being treated at the waterworks for drinking water supply.

11. PUB owns and operates two NEWater plants while another three were designed and built under the DBOO model by the private sector. The latest two plants built under the DBOO model – Changi NEWater Factory 1 and Changi NEWater Factory 2 in 2010 and 2017 – are operated by Sembcorp Industries Ltd and BEWGI-UE NEWater (S) Pte Ltd consortium respectively.

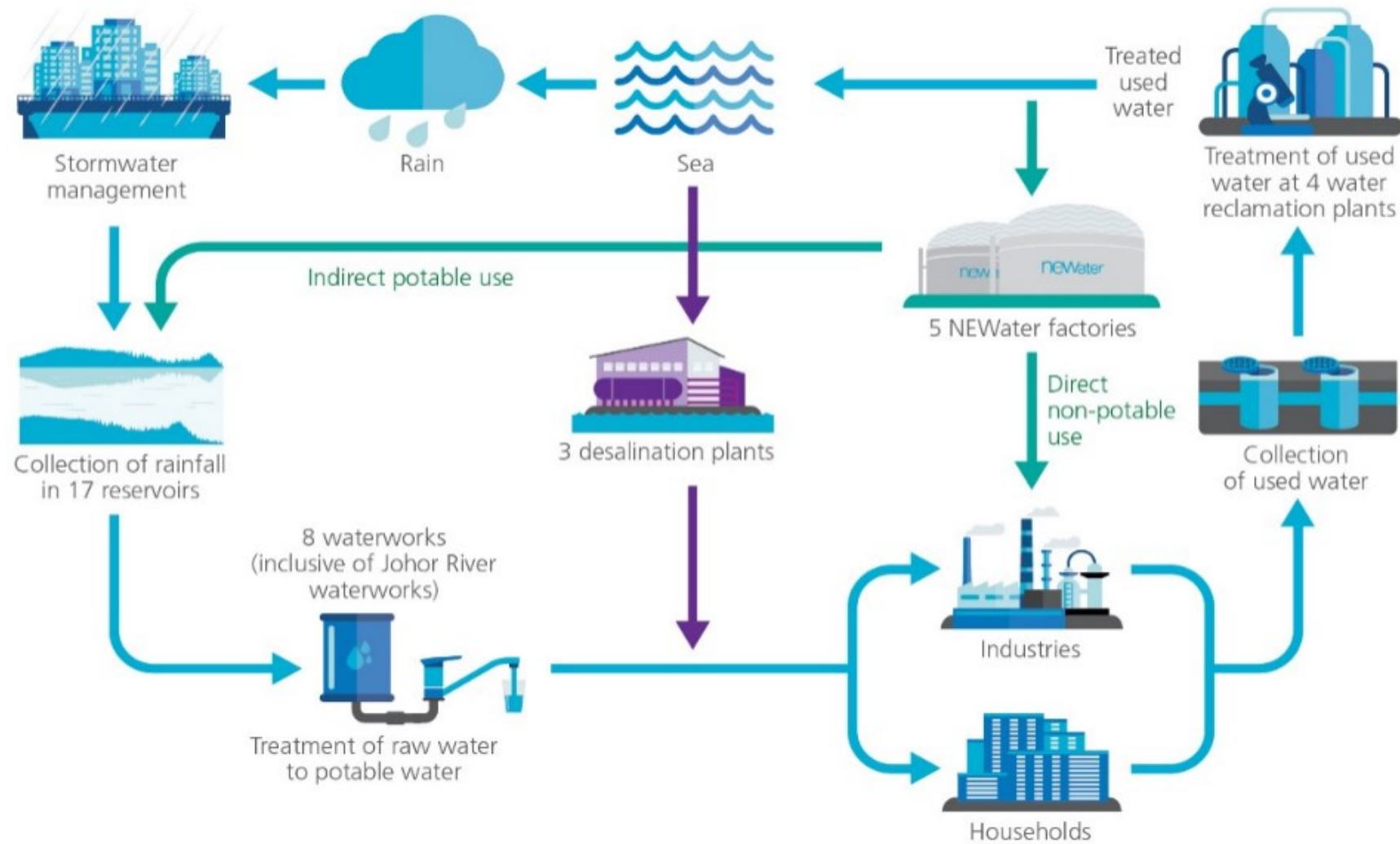
Desalinated Water

12. Like NEWater, desalinated water is a weather-independent source that adds to the drought resilience of Singapore's water supply. Singapore's third desalination plant, the Tuas Desalination Plant, opened on 28 June 2018 and is the world's most space efficient in terms of the amount of water it can purify for its size. It is the first desalination plant to be fully operated by PUB. Two more desalination plants, Keppel Marina East Desalination Plant, awarded to Keppel Infrastructure Holdings Pte Ltd under the DBOO model and another desalination plant on Jurong Island, awarded to Tuas Power Ltd–Singapore Technologies Marine Ltd consortium, also under the DBOO model, are expected to be operational in 2020.

Used Water

13. To keep pace with industrial, housing and commercial developments, Singapore has developed an extensive and efficient used water system to collect and treat all used water to a quality suitable for production of NEWater, and for safe discharge to the sea. PUB operates and maintains four large municipal WRPs in Singapore.
14. Currently under design and development, the Tuas Nexus is a fully integrated waste to energy facility that comprise water reclamation (owned by PUB) and solid waste incineration functions (owned by National Environment Agency). By integrating both the solid and liquid wastes treatment plants under the Tuas Nexus, the potential synergies of the water-energy-waste nexus can be fully exploited. For example, food waste collected can be co-digested with used water sludge. This co-digestion will produce more biogas, which can be used to improve the incineration plant's overall thermal efficiency, hence allowing it to generate more electricity for use by Tuas Nexus. Any excess electricity generated will be exported to the national grid.
15. PUB's water reclamation facility of Tuas Nexus is also a key component of the Deep Tunnel Sewerage System Phase 2 Project. This water reclamation plant will incorporate technologies that will improve its energy efficiency and reduce its manpower requirements. Besides being compact in design, the water reclamation plant will be greener than existing plants. It will produce less sludge and therefore reduce the cost of sludge disposal. A NEWater factory, fully integrated with the water reclamation process, will also be built to facilitate water recycling.

Infographics on PUB's Strategy for a Sustainable Water Supply



Ensuring an Adequate, Sustainable and Resilient Water Supply Networks

16. To ensure that PUB's water system remain adequate, sustainable and resilient amid the challenges of an expected increase in water demand and risks of weather extremities, PUB is also focused on expanding its water supply networks, boosting resilience and renewal of network assets, making improvements in drainage to enhance flood protection, and deploying technologies to boost productivity, improve customer experience and operations.

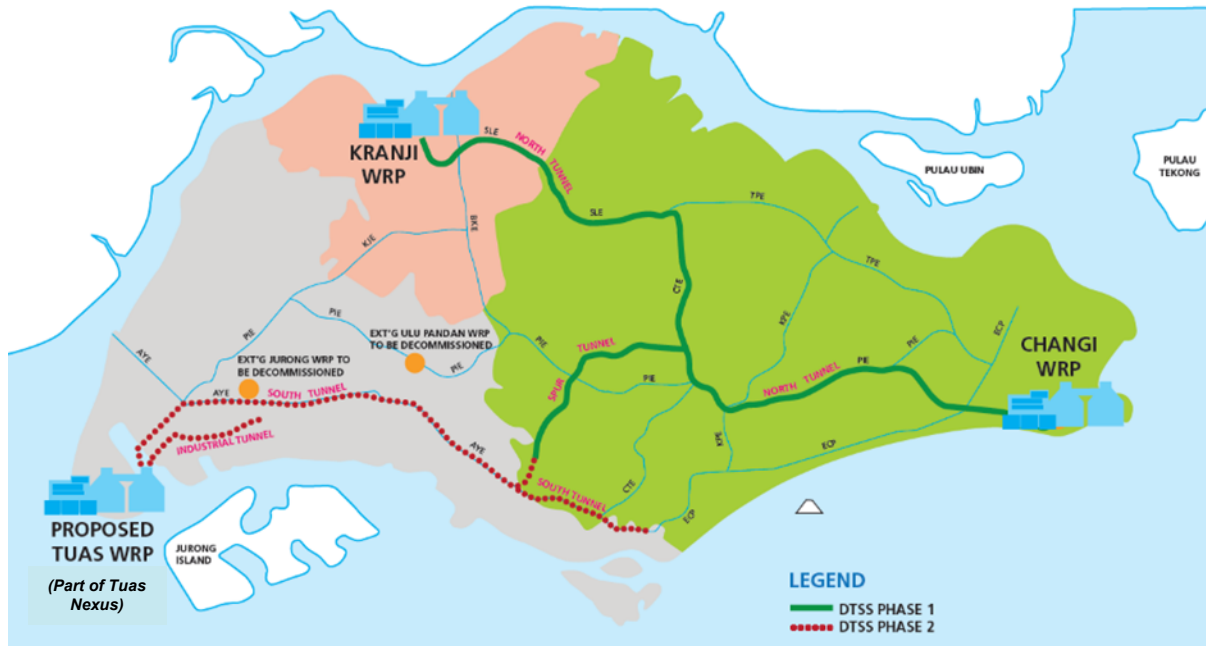
Water Supply Network

17. Singapore's water supply network comprises about 6,233km of transmission and distribution mains. This include 5,568km of potable water pipelines, 620km of NEWater pipelines and 45km of industrial water pipelines. PUB will continue to extend the water supply network to meet the increasing water demand due to new developments and redevelopments, and to enhance the resilience of the network.
18. PUB has a total of 30 on-going pipeline projects for the PW supply network. One such project is the Murnane Pipeline project, which is a 22km pipeline that will be laid from Murnane Service Reservoir to the city area, of which half would be laid underneath the Rail Corridor. This pipeline will serve to meet future water demand in the city area. Further, PUB will commence the implementation of another six PW pipeline projects over the next two years and one NW and IW network project each in 2018.

Sewerage Networks

19. PUB maintains a comprehensive used water system, comprising over 3,526km of sewers, 78km of pumping mains, 48km of tunnels of Phase 1 DTSS and 80 pumping installations.
20. To ensure that there is sufficient NEWater to meet future demand, PUB is developing the DTSS Phase 2, to be completed by 2025. DTSS Phase 2 will extend the existing deep tunnel system to serve the western part of Singapore, including the downtown area and major upcoming developments such as Tengah Town. DTSS Phase 2 will comprise a conveyance system of 40km deep sewer tunnels and 60km link sewers running from the city area to the west. The 40km deep sewer tunnels of DTSS Phase 2 will also link up with Tuas Nexus. Once the DTSS Phase 2 is completed, the existing conventional WRPs at Ulu Pandan and Jurong, as well as intermediate pumping stations, will be progressively phased out and the land freed up for higher value development.

Completed deep tunnel systems linking three WRPs in 2025



Drainage

21. Two-thirds of Singapore's land area is used as water catchment. Rainwater that falls on these areas is collected through a comprehensive network of over 8,000km of drains, canals and rivers, and channelled to the 17 reservoirs as a source of water supply. To address the challenges posed by growing urbanisation and increasing weather uncertainties, PUB has adopted a system-wide approach known as the "Source-Pathway-Receptor" approach to introduce flexibility and adaptability to its drainage system to cope with higher intensity storms. Apart from enhancing the Pathways (drains and canals through which rainwater flows), measures are implemented at the Source (where runoff is generated) and at the Receptor (where floods may occur).

Managing Runoff at Source

22. Since 1 January 2014, new commercial, residential, industrial and institutional developments and re-developments that are 0.2 hectares and larger are required to implement source measures to control their peak runoff discharged into the public drainage system. They provide temporary storage of rainwater on-site during a rain event and reduce the likelihood of the drainage system being overwhelmed.

Enhancing the Pathways

23. In 2011, PUB raised its drainage design standards to provide additional flood protection against higher-intensity storms. Since then, PUB has been carrying out an island-wide drainage improvement programme to progressively upgrade drains to the higher standards for flood prevention, as well as for flood alleviation and preventive upgrading.

Protecting the Receptors

24. In 2011, PUB stipulated higher minimum platform and crest levels for developments. Subsequently in 2013, clauses on platform levels were tightened to include higher platform and crest levels for special facilities (i.e. MRT stations, airport runways and wafer fabrication plants) and buildings with direct or indirect connections to underground facilities such as underground MRT stations. Requirements for regular inspection of flood protection measures were also refined.

Water Demand Management

25. Ensuring adequate water supply is only half of the equation. It is equally important to manage water demand to ensure that it does not increase to unsustainable levels. To this end, PUB adopts a three-prong strategy to manage water demand:

- Pricing

In Singapore, water is priced to reflect the cost of supplying the next drop of water, which will likely be from NEWater and desalination. This reflects its scarcity value, and ensures prudent use of water.

- Mandatory Water Efficiency Requirements

PUB has introduced mandatory measures to drive water savings in households and businesses. These include requiring minimum water efficiency requirements for water fittings such as taps and mixers, water closets, urinal flush valves and washing machines. Suppliers are required to indicate the water efficiency of water fittings and appliances with prominent labelling under the mandatory Water Efficiency Labelling Scheme. Since 2015, businesses which are identified as large water users have to develop Water Efficiency Management Plans, which require them to establish water management systems as well as propose water conservation measures for implementation.

- Public Outreach

PUB conducts extensive community outreach efforts in water conservation with partners from both the public and private sectors.

For example, to further drive water efficiency within households, PUB launched the Water Closet Replacement Project in June 2017 to help households that are on community assistance schemes and living in HDB flats save water by replacing their non-water-efficient 9-litre water closets with more efficient ones. Non-water-efficient wash basin taps and kitchen sink taps are replaced at the same time. These households can expect to use up to 5 litres less of water per full flush after their water closets have been replaced, and save up to 10% in monthly water usage. Some 7,000 households are expected to benefit from this project.

In addition, PUB also initiated the Smart Shower Programme to install smart shower devices for about 10,000 new homes over the next two years. This programme builds on a study done in 2015/16 with 500 households which showed that users provided with real time information and optimal goal setting through the use of a smart shower device can save an average of 5 litres of water/person/day, or approximately 3% of a household's monthly water usage.

Active, Beautiful, Clean Waters Programme

26. In addition to water conservation efforts, PUB also launched the Active, Beautiful, Clean Waters Programme in 2006 as a long term initiative to transform Singapore's utilitarian drains, canals and reservoirs into beautiful streams, rivers and lakes, creating new community spaces in the process. Through the enjoyment of these communal spaces along waterways and water bodies, it will bring people closer to water and cultivate in them a stronger sense of ownership towards Singapore's water resource.
27. As of January 2018, 36 ABC Waters projects have been completed. These include iconic projects such as the re-naturalised Kallang River in Bishan-Ang Mo Kio Park, and the re-vitalised Rochor Canal that has been integrated into the surrounding cityscape. Another 66 ABC Waters-certified projects were done by other government agencies and private developers. Community feedback on the ABC Waters Programme has been positive.

Organisation Structure

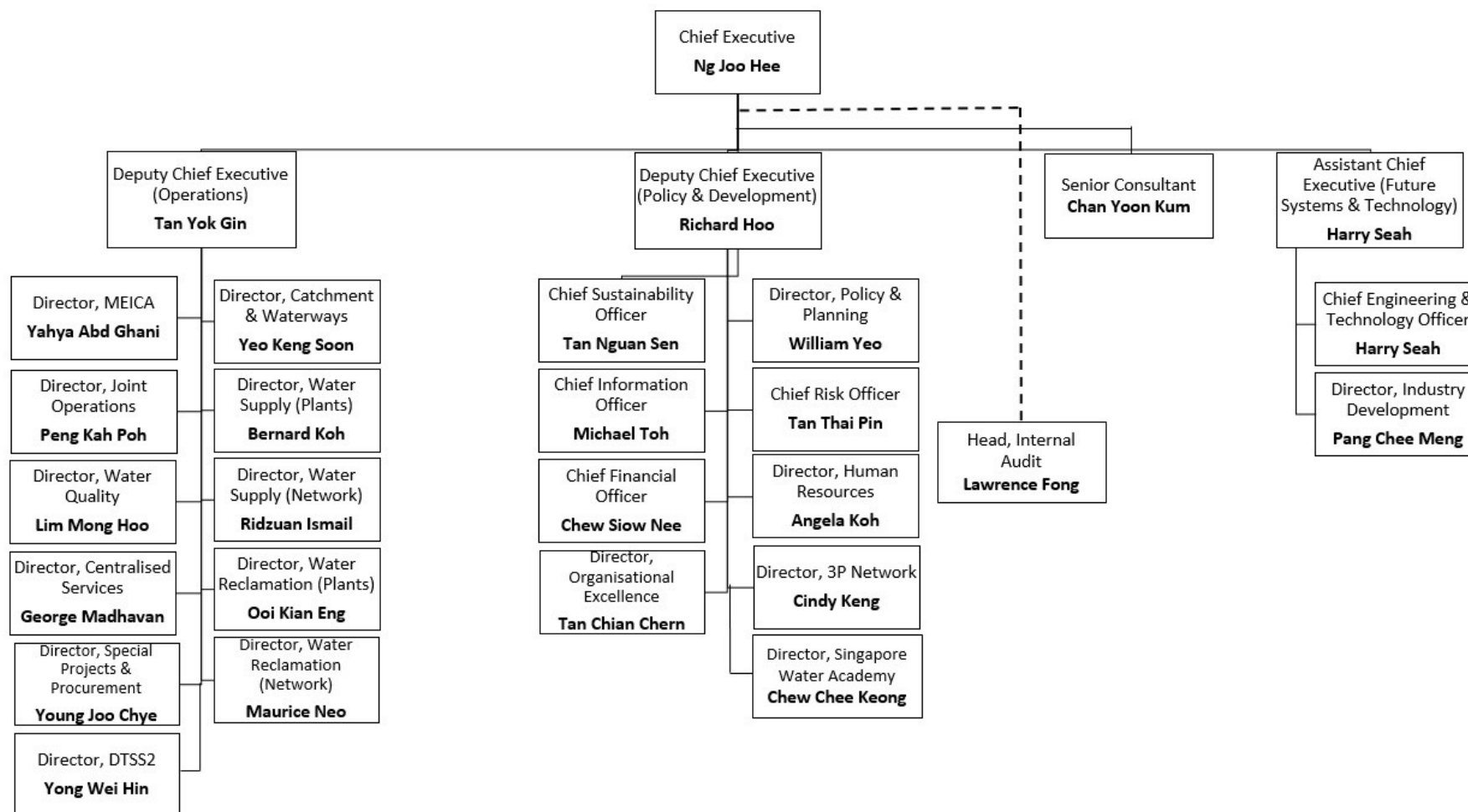
28. Since 1 January 2018, PUB's senior management has been reorganised into three core clusters to better accomplish its mission:

- Operations: comprises departments responsible for the planning and design, operation and maintenance, construction and project management of PUB's engineering operations within the drinking water, used water and drainage domains; and departments responsible for key operational functions and services that cut across the water system.
- Policy and Development: comprises departments responsible for PUB's policy and development, strategic risk management, digital transformation, cybersecurity readiness and organisational support functions.
- Future Systems and Technology: comprises departments responsible for water technology innovation and research, and the development of the water industry.

Organisation Structure (continued)

The chart showing the organisation structure of PUB is set out below:

Organisation Chart



Water Charges and Waterborne Taxes

29. All water consumption in Singapore is metered. PUB prescribes, with the approval of the Minister for the Environment and Water Resources (who also prescribes the waterborne taxes), charges for water supply. PUB also collects a Water Conservation Tax on behalf of the Singapore Government to reinforce the message that water is precious. In February 2017, the Government announced the revision of water prices in two steps, in July 2017 and in July 2018. Heavy investments in water infrastructure, coupled with rising operational costs, have made the increase in water prices necessary.

PUB Consultants Private Limited

30. PUB Consultants Private Limited, previously known as Singapore Utilities International Pte Ltd, incorporated in Singapore, is a wholly-owned subsidiary of PUB. PUBC is the commercial arm of PUB and plays a strategic and facilitative role in assisting PUB to achieve its goal in developing the water industry in Singapore. PUBC harnesses PUB's operational experience and resources to support Singapore-based water companies in their overseas ventures. These include projects relating to infrastructure development, operation and maintenance of municipal systems in water supply, used water treatment and disposal, and water reclamation and recycling.

Singapore International Water Week Pte. Ltd.

31. The Singapore International Water Week is organised by Singapore International Water Week Pte. Ltd, incorporated in Singapore, a wholly-owned subsidiary of PUBC. SIPL is set up for the sole purpose of organising the SIWW, a key initiative to grow Singapore's water industry and to develop Singapore as a global hydrohub.

Financing of Public Utilities Board

32. PUB finances its operations and infrastructure costs for water supply and used water treatment, as well as the maintenance of used water reticulation network through water charges and waterborne taxes. It also receives funds from Government to defray the operating and development costs of drainage network, as well as the development costs of used water reticulation network, both of which are owned by Government. PUB also receives funds from Government and the Singapore Totalisator Board for the construction of ABC Waters projects that are owned by the Government.
33. PUB may borrow or raise funds to finance its own infrastructure development projects. The principal repayment, interest and other charges incurred for the purpose of borrowing will be met out of the water charges and waterborne taxes earned from PUB's self-financed operations and from its retained earnings.

SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for PUB, its wholly-owned subsidiary, PUBC, and PUBC's wholly-owned subsidiary, SIPL, for the financial years ended 31 March 2017 and 31 March 2016:

Statements of Comprehensive Income

	31 March 2017	31 March 2016
	S\$'000	S\$'000
Operating income	1,222,432	1,201,313
Operating expenses	(1,270,242)	(1,239,334)
Net operating loss	(47,810)	(38,021)
Net non-operating income	73,459	56,345
Net income before finance expenses and operating grants	25,649	18,324
Finance expenses	(84,844)	(87,660)
Net loss before operating grants	(59,195)	(69,336)
Operating grants from government	298,826	270,431
Net income after government grants and before contribution to government consolidated fund and taxation	239,631	201,095
Contribution to government consolidated fund and taxation	(40,691)	(34,258)
Net income after government grants and after contribution to government consolidated fund and taxation	198,940	166,837
Other comprehensive income		
<u>Items that will not be reclassified to profit or loss</u>		
Net re-measurement gain/ (loss) on pension obligation	145	(1,574)
Total comprehensive income for the year	199,085	165,263
Attributable to:		
Shareholder of the Board	199,085	165,263
Transfer to capital reserve	(197,118)	(165,262)

Statements of Financial Position

	As at 31 March 2017 S\$'000	As at 31 March 2016 S\$'000
Current assets		
Inventories	66,849	59,292
Trade and other receivables	168,524	159,312
Prepaid and deferred expenses	1,373	2,350
Other investments	-	90,945
Cash	683,301	830,546
	<u>920,047</u>	<u>1,142,445</u>
Non-current assets		
Property, plant and equipment	7,147,445	6,793,808
Deferred tax assets	-	15
Other receivables	21	57
Prepaid and deferred expenses	6,551	5,671
	<u>7,154,017</u>	<u>6,799,551</u>
Total assets	<u>8,074,064</u>	<u>7,941,996</u>
Current liabilities		
Trade and other payables	220,981	179,636
Other liabilities	170,506	162,926
Provision for contribution to government consolidated fund and taxation	40,676	34,205
Finance lease payables	29,562	23,851
Deferred income	13,324	18,089
Borrowings	-	250,000
	<u>475,049</u>	<u>668,707</u>
Non-current liabilities		
Finance lease payables	629,320	488,942
Deferred income	212,507	225,028
Borrowings	1,400,000	1,400,000
Provision for asset restoration obligations	12,613	13,829
	<u>2,254,440</u>	<u>2,127,799</u>
Total liabilities	<u>2,729,489</u>	<u>2,796,506</u>
Capital and reserves		
Share capital	1	1
Retained earnings	3,399	1,432
Capital reserve	5,335,175	5,138,057
Water efficiency fund	6,000	6,000
	<u>5,344,575</u>	<u>5,145,490</u>
Total liabilities, capital and reserves	<u>8,074,064</u>	<u>7,941,996</u>
Supplementary information		
Net liabilities of trust funds	<u>(52,403)</u>	<u>(36,939)</u>

USE OF PROCEEDS

The proceeds of the Issue will be used for the purpose of financing capital expenditure.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

Clearance of the Bonds will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

The entire issue of the Bonds is to be held by CDP in the form of a global bond for persons holding the Bonds in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Bonds between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary. Settlement of over-the-counter trades in the Bonds through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the SFA to maintain securities sub-accounts and to hold the Bonds in such securities sub-accounts for themselves and their clients. Accordingly, Bonds for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Bonds in direct securities accounts with CDP, and who wish to trade Bonds through the Depository System, must transfer the Bonds to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities. Although CDP has established procedures to facilitate transfers of interests in the Bonds in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Bonds or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Bonds are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Bonds, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer nor any other persons involved in the issuance of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the “ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons other than non-resident individuals is currently 17 per cent.. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;

- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the issue of the Bonds is solely lead-managed by DBS Bank Ltd., which is a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, and the Bonds are issued as debt securities before 31 December 2023, the Bonds would be qualifying debt securities (“**QDS**”) for the purposes of the ITA and the MAS Circular FDD Cir 11/2018 entitled “Extension of Tax Concessions for Promoting the Debt Market” issued by the MAS on 31 May 2018, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Bonds in the prescribed format within such period as MAS may specify and such other particulars in connection with the Bonds as MAS may require and the inclusion by the Issuer in all offering documents relating to the Bonds of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Bonds is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Bonds using the funds and profits from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium, and break cost (collectively, the “**Qualifying Income**”) from the Bonds derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Bonds are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Bonds in the prescribed format within such period as MAS may specify and such other particulars in connection with the Bonds as MAS may require), Qualifying Income from the Bonds derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Bonds a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Bonds is not exempt from tax shall include such income in a return of income made under the ITA; and

- (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Bonds in the prescribed format within such period as MAS may specify and such other particulars in connection with the Bonds as MAS may require,

payments of Qualifying Income derived from the Bonds are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of the Bonds, the Bonds are issued to fewer than four persons and 50 per cent. or more of the issue of the Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Bonds would not qualify as QDS; and
- (B) even though the Bonds are QDS, if, at any time during the tenure of the Bonds, 50 per cent. or more of the Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Bonds held by:
 - (I) any related party of the Issuer; or
 - (II) any other person where the funds used by such person to acquire the Bonds are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have their same meaning as in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from any of the Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Bonds using the funds and

profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Bonds is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where –
 - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and
 - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if the Bonds are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of the Bonds, 50 per cent. or more of the Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from the Bonds derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire the Bonds are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the disposal of the Bonds will not be taxable in Singapore. However, any gains derived by any person from the disposal of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Bonds who apply or who are required to apply Singapore Financial Reporting Standard ("**FRS**") 39 or FRS 109, may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below on "Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes".

3. Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement”.

FRS 109 is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Bonds who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Subscription Agreement provides, *inter alia*, that the Lead Manager may, by notice to the Issuer given at any time prior to payment of the subscription moneys for the Bonds to the Issuer, terminate the Subscription Agreement under certain circumstances, including if there shall have been (a) any introduction or development which would lead to an introduction of, or any change or development which would lead to a change in, or in the interpretation or application of, any legislation, statute, regulation, order, policy, directive, request or guideline (whether or not having the force of law) by MAS, the SGX-ST or any other governmental or regulatory body in Singapore or elsewhere or (b) any change or development which would lead to a change in monetary, political (including, but not limited to, changes by reason of military action), financial (including, but not limited to, stock market conditions, currency exchange conditions in any of the financial markets and interest rates) or economic conditions in Singapore or internationally (including changes or developments in stock, bond, money, bank syndication and interest rate markets) or the occurrence of any combination of any such changes, crises or developments, in either case, as would, in the opinion of the Lead Manager, materially and adversely prejudice the success of the offering, issue or distribution (whether in the primary or secondary markets) of the Bonds.

In connection with the Bonds, the Lead Manager or certain of its affiliates may purchase the Bonds and be allocated Bonds for asset management and/or proprietary purposes but not with a view to distribution. Further, the Lead Manager and/or its affiliates may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds) and such orders and/or allocations of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Lead Manager and/or its affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Bonds have not been and will not be registered under the Securities Act, and the Bonds may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except in transactions not subject to the registration requirements of Regulation S of the Securities Act (“**Regulation S**”). Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Bonds, as determined and certified to the Paying Agent by the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Bonds are being offered, sold or delivered outside the United States to non U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Bonds within the United States by any dealer that is not participating in the offering of the Bonds may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Bonds outside the United States. The Issuer and the Lead Manager reserve the right to reject any offer to purchase the Bonds, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

European Union

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (b) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (ii) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

Hong Kong

The Lead Manager has represented and agreed that:

- (i) the Bonds have not been and will not be offered in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) no advertisement, invitation or document relating to the Bonds has been or will be issued, or possessed for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

The Lead Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, the Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Issue may be used in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Bonds in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Lead Manager has acknowledged that no action has been or will be taken in any jurisdiction by the Lead Manager or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Information Memorandum or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

The Lead Manager has agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Information Memorandum, or any such other material and it will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions. The Issuer will have no responsibility for, and the Lead Manager will obtain, any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. The Lead Manager is not authorised to and has agreed that it will not make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in this Information Memorandum or any amendment or supplement to it.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Bonds or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

1. The Members of the Issuer

Mr. Chiang Chie Foo

Mr. Chiang Chie Foo is the Chairman of PUB, Singapore's National Water Agency and Central Provident Fund Board, and as well as Ascendas Property Fund Trustee Pte Ltd. He is the Senior Advisor in the Ministry of Defence and Trustee to Asia Pacific Breweries Foundation. Mr Chiang holds directorships in Lee Kuan Yew Exchange Fellowship, Valencia Club de Futbol and ComfortDelGro Corporation Limited. Mr Chiang is also a member of MCYC Community Services Society Management Committee.

Mr. Ng Joo Hee

Mr. Ng Joo Hee is the Chief Executive of PUB, Singapore's National Water Agency. He is the Deputy Secretary (Special Duties) in the Ministry of the Environment and Water Resources. He is a Board Member of the Tropical Marine Science Institute Management Board. He is also a member of the Governing Council of the Singapore Business Advisors & Consultants Council.

Ms. Janet Ang Guat Har

Ms. Janet Ang is the Vice President of Industry Solutions and Business Development in IBM Asia Pacific. She is the Chairman of Institute of Systems Science and Caritas Singapore. She is also the Board Member of Singapore Press Holdings, Info-communications Media Development Authority, NUS Alumni Advisory Board, Cenacle Mission (Singapore) and Supply Chain & Logistics Academy (SCALA). She is also a Council Member in the Singapore Business Federation.

Prof. Quek Tong Boon

Prof. Quek Tong Boon is the Chief Executive of National Robotics Programme. He is the Chairman of the International Advisory Panel, National Cybersecurity R&D Programme. He is a Board Member in the Tropical Marine Science Institute Management Board, Centre for Remote Imaging, Sensing and Processing Management Board and Scientific Advisory Board of the Institute for Mathematical Sciences. He is also a Board member in the Board of Trustees of Singapore University of Technology and Design, Singapore-MIT Alliance for Research and Technology Centre, Future Urban Mobility, Scientific Advisory Board and Temasek Foundation Innovates CLG Limited. Prof. Quek is the Chief Scientific Advisor in the Ministry of Trade & Industry. He is also the advisor to Provost in National University of Singapore and Science and Engineering Research in A*STAR.

Prof. Chan Eng Soon

Prof. Chan Eng Soon is the CEO of Technology Centre for Offshore, Singapore Ltd. He is the Programme Director of Science & Engineering Research Council in A*STAR (Marine & Offshore Programme). He is the Provost's Chair Professor in the Faculty of Engineering Department of Civil and Environmental Engineering of the National University of Singapore. He is the Council member of Work, Safety and Health Council and the Chairman of WSHC Marine Industries Committee in the Ministry of Manpower. He holds directorships in DSO Laboratories and TCOMS@NUS (A*STAR-NUS Joint Venture). He is also a Board member in Tropical Marine Science Institute Management Board, the Maritime and Port Authority of Singapore MINT Fund Committee 1 and Next Generation Port 2030 Steering

Committee.

Ms. Rachel Eng Yaag Ngee

Ms. Rachel Eng is the Deputy Chairman of WongPartnership LLP. As a corporate lawyer, she is involved in listings, corporate advisory and corporate governance work. Rachel is an independent director of listed companies, Olam International Limited, StarHub Ltd. and SPH REIT Management Pte. Ltd., manager of the listed SPH REIT. In addition, she sits on the Board of Trustees of Singapore Institute of Technology and the Council of the Singapore Business Federation. Rachel is a member of Singapore's Committee on the Future Economy, which released its report on the economic strategies to position Singapore for the future. She is also a member of the Appeals Panel of Abu Dhabi Global Market. Rachel is a Supervisory Committee member of ABF Singapore Bond Index Fund and a member of the Corporate Governance Council established by the Monetary Authority of Singapore. She is also a member of Singapore General Hospital Fund Committee, established as a committee under SingHealth Fund Limited.

Mr. Chan Beng Seng

Mr. Chan Beng Seng is the Group Director for Financial Resource Management (FRM), Healthcare Finance–Subvention (HF-Subvention) and Sector Development & Commissioning (SDC) divisions in Ministry of Health. He is a member of the Catholic Business Network. He is also a District Councillor in the South East Community Development Council.

Mr. Tan Wah Yeow

Mr. Tan Wah Yeow was formerly the Deputy Managing Partner of KPMG Singapore. He holds directorships in the Viva Foundation for Children with Cancer, Garden by the Bay, Mapletree Logistics Trust Management Ltd, Genting Singapore Limited and M1 Limited. He is currently the Chairman of PUB's wholly owned subsidiary, PUBC (formerly Singapore Utilities International Pte Ltd).

Mr. Thiagarajan s/o Subramaniam

Mr. Thiagarajan s/o Subramaniam is the General Manager of Workplace Safety and Health Council. He is also the Board member in the Singapore Corporation of Rehabilitative Enterprises.

Mr. Tan Siong Leng

Mr. Tan Siong Leng was formerly the Deputy Chief Executive of the Urban Redevelopment Authority before his retirement in September 2014. He is a member of the Development Projects Advisory Panel in the Ministry of Finance and Campus Infrastructure and Facilities Committee in the Singapore University of Technology and Design. Mr Tan sits in the Panel of Experts in the Centre of Liveable Cities and also an advisor for Core Trade Training in Absolute Kinetics Consultancy.

Mr. Abu Bakar Bin Mohd Nor

Mr. Abu Bakar Bin Mohd Nor is the Managing Director of Keppel Singmarine Pte Ltd and Keppel Offshore & Marine Limited (Gas & Specialised Vessels). He is the Chairman of Maju Maritime Pte Ltd and Keppel Smit Towage Pte Ltd. Mr. Abu Bakar is the President of the Association of Singapore Marine Industries and a member of the Board of Trustees in Singapore Institute of Technology. He also holds directorships at Arab Heavy Industries P.J.S.C, Keppel Shipyard Limited, Green Scan Pte Ltd, Keppel Sea Scan Pte Ltd, Keppel

FELS Limited, Keppel Offshore & Marine Technology Centre Pte Ltd, Marine Technology Development Pte Ltd, Baku Shipyard LLC, Nakilat-Keppel Offshore & Marine Ltd (NKOM), Keppel Nantong Shipyard Co Ltd, Keppel Nantong Heavy Industry Co Ltd, Keppel Singmarine Brasil Ltda, Gas Technology Development Pte Ltd, FueLNG Pte Ltd, Caspian Shipyard Company LCC, Bintan Offshore Fabricators Pte Ltd, Singapore Maritime Foundation, KSI Production (2017) Pte Ltd, KS Investment Pte Ltd and SMRT Corporation Ltd.

2. Borrowings

- (a) No debentures of the Issuer are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any debentures of the Issuer.
- (b) No debentures of the Issuer have been issued or are proposed to be issued, as fully or partly paid-up for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.
- (c) Save as disclosed in Appendix II, as at 31 March 2017, the Issuer has no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. Working Capital

The Issuer is of the opinion that, after taking into account the present banking facilities and the net proceeds of the Issue, the Issuer will have adequate working capital for its present requirements.

4. Changes in Accounting Policies

There have been no significant changes in the accounting policies of the Issuer since its audited financial accounts for the financial year ended 31 March 2017.

5. Litigation

So far as the Issuer is aware, there are no legal or arbitration proceedings pending or threatened against the Issuer or its subsidiaries the outcome of which, in the opinion of the Issuer, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or of the Group.

6. Material Adverse Change

Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer or of the Group since 31 March 2017.

7. Consents

The Lead Manager, the Trustee, the Paying Agent, the Legal Advisers to the Issuer, the Legal Advisers to the Lead Manager and the Legal Advisers to the Trustee have each given and have not withdrawn their respective written consents to the issue of this Information Memorandum with the references herein to their names in the form and context in which they respectively appear in this Information Memorandum.

The Auditors of the Issuer have given and have not withdrawn their respective written consents to the issue of this Information Memorandum with the references herein to their name and report in the form and context in which they appear in this Information Memorandum.

8. Documents Available for Inspection

Copies of the following documents may be inspected at the principal place of business of the Issuer during normal business hours for a period of six months from the date of this Information Memorandum:

- (a) the Trust Deed;
- (b) the Paying Agency Agreement; and
- (c) the annual reports of the Issuer for the financial years ended 31 March 2016 and 31 March 2017.

APPENDIX II

AUDITED FINANCIAL STATEMENTS OF THE ISSUER AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The information in this Appendix II has been reproduced from the audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 March 2017 and has not been specifically prepared for inclusion in this Information Memorandum.

Public Utilities Board and its Subsidiaries

Independent auditor's report For the financial year ended 31 March 2017 To members of the Board

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Public Utilities Board (the "Board") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Board as at 31 March 2017, the statements of comprehensive income and statements of changes in capital and reserves of the Group and the Board and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 52.

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in capital and reserves of the Board are properly drawn up in accordance with the provisions of the Public Utilities Act 2002 (the "Act") and Statutory Board Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Board as at 31 March 2017 and of the financial performance, changes in capital and reserves of the Group and of the Board and cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Matters

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.

Public Utilities Board and its Subsidiaries

Independent auditor's report

For the financial year ended 31 March 2017

To members of the Board (cont'd)

Report on the audit of the financial statements

1. Property, plant and equipment ("PPE")

Carrying values of PPE

PPE of \$7,147 million significantly accounted for approximately 89% of the Group's total assets as at 31 March 2017. Significant management judgement is involved in determining the appropriateness of the carrying values of PPE. This judgement includes determining and reviewing the asset useful life which takes into consideration factors such as asset utilisation, internal technical evaluation, changes in technology and changes in the Board's strategy. Accordingly, we identified this to be a key audit matter.

Our audit procedures included, amongst others, reviewing the processes and testing key controls over processes relating to addition and disposal of assets, evaluating the assumptions and methodologies used by the Board in the annual asset useful life review, its residual amounts and the corresponding depreciation rates and testing the depreciation expenses. We also corroborated management's assumptions with common life expectancies applied in similar industries, published information on Singapore's water strategies and plans in the future years, physical conditions and utilisation of PPE.

We assessed the appropriateness of the disclosures on PPE in Note 2.3, 2.12, 2.13 and 13 to the consolidated financial statements.

2. Procurement activities

Significant amounts of operating and capital expenditure are incurred by the Board in procuring goods and services to support its operations as the national water agency. Goods and services are procured in various forms by the Board which includes tenders, quotations, small value purchases and GeBiz contracts, depending the various nature of items being procured such as PPE, repair and maintenance service contracts, inventories. These expenditure translate to high volume of transactions in purchases and payments which had to be properly authorised and accounted for in the financial statements. As a statutory board, the Board's procurement activities relate to the use of public funds and are subject to compliance with government procurement rules and requirements. Therefore, procurement activities are significant to our audit.

We evaluated the Board's procurement policies and procedures for compliance with government instruction manual on procurement and the applicable finance circulars and financial circular minutes, and assessed the relevant internal controls for design effectiveness and appropriateness of segregation of duties. We also tested the operating effectiveness of relevant internal controls for the purpose of expressing an opinion on the overall financial statements.

We also made enquiries to management and internal auditors of the Board on whether the Board is in compliance with the government procurement rules and requirements, we carried out data analytics procedures including analysis of split value purchases and approval of purchase orders after invoice date. These analytics help to identify if the purchases are made under the correct approval category and ensure that goods and services have been approved prior to the goods received and services being performed. We also reviewed the reasonableness of capital and operating expenditures against operational statistics to corroborate the results of those enquiries.

Other Information

There is no other information obtained prior to the date of the auditor's report. Other information does not include our financial statement and auditor's report thereon. The other information which comprise the annual report is expected to be made available to us after that date.

Public Utilities Board and its Subsidiaries

Independent auditor's report

For the financial year ended 31 March 2017

To members of the Board (cont'd)

Report on the audit of the financial statements

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards, and for devising and maintaining a system of internal accounting control sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition and transactions are properly unauthorised 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, management 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 Board or to cease operations, or has no realistic alternative but to do so.

The management'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 misstatements, 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 SSAs 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 SSAs, 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.

Public Utilities Board and its Subsidiaries

Independent auditor's report

For the financial year ended 31 March 2017

To members of the Board (cont'd)

Report on the audit of the financial statements

- 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 management 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 management 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 management, 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

Management's responsibility for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal control as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the accounting and internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Public Utilities Board and its Subsidiaries

Independent auditor's report

For the financial year ended 31 March 2017

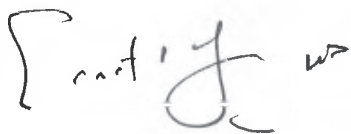
To members of the Board (cont'd)

Report on the audit of the financial statements

Opinion

In our opinion:

- a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the financial year are, in all material respects, in accordance with the provisions of the Act;
- b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise; and
- c) the accounting and other records of those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the Singapore Companies Act, Chapter 50.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

5 July 2017

Public Utilities Board and its Subsidiaries

**Statements of comprehensive income
For the financial year ended 31 March 2017**

		Group		Board	
	Note	31 March 2017 S\$'000	31 March 2016 S\$'000	31 March 2017 S\$'000	31 March 2016 S\$'000
Operating income	3	1,222,432	1,201,313	1,212,869	1,200,743
Operating expenses	4	(1,270,242)	(1,239,334)	(1,262,989)	(1,238,999)
Net operating loss		(47,810)	(38,021)	(50,120)	(38,256)
Net non-operating income	5	73,459	56,345	73,459	56,506
Net income before finance expenses and operating grants		25,649	18,324	23,339	18,250
Finance expenses	6	(84,844)	(87,660)	(84,844)	(87,660)
Net loss before operating grants		(59,195)	(69,336)	(61,505)	(69,410)
Operating grants from government		298,826	270,431	298,826	270,431
Net income after government grants and before contribution to government consolidated fund and taxation		239,631	201,095	237,321	201,021
Contribution to government consolidated fund and taxation	7	(40,691)	(34,258)	(40,348)	(34,185)
Net income after government grants and after contribution to government consolidated fund and taxation		198,940	166,837	196,973	166,836
Other comprehensive income					
<u>Items that will not be reclassified to profit or loss</u>					
Net re-measurement gain/(loss) on pension obligation		145	(1,574)	145	(1,574)
Total comprehensive income for the year		199,085	165,263	197,118	165,262
Attributable to:					
Shareholder of the Board		199,085	165,263	197,118	165,262
Transfer to capital reserve		(197,118)	(165,262)	(197,118)	(165,262)



Chiang Chie Foo
Chairman

5 July 2017



Ng Joo Hee
Chief Executive

5 July 2017

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

Public Utilities Board and its Subsidiaries

**Statements of financial position
As at 31 March 2017**

		Group		Board	
	Note	31 March 2017 S\$'000	31 March 2016 S\$'000	31 March 2017 S\$'000	31 March 2016 S\$'000
Current assets					
Inventories	8	66,849	59,292	66,849	59,292
Trade and other receivables	9	168,524	159,312	164,979	155,385
Prepaid and deferred expenses	10	1,373	2,350	1,358	1,363
Other investments	11	—	90,945	—	90,945
Cash	12	683,301	830,546	680,981	829,088
		920,047	1,142,445	914,167	1,136,073
Non-current assets					
Property, plant and equipment	13	7,147,445	6,793,808	7,147,445	6,793,808
Investment in subsidiaries	14	—	—	100	100
Deferred tax assets		—	15	—	—
Other receivables	9	21	57	21	57
Prepaid and deferred expenses	10	6,551	5,671	6,359	5,513
		7,154,017	6,799,551	7,153,925	6,799,478
Total assets		8,074,064	7,941,996	8,068,092	7,935,551
Current liabilities					
Trade and other payables	15	220,981	179,636	219,513	179,234
Other liabilities	16	170,506	162,926	170,506	162,926
Provision for contribution to government consolidated fund and taxation		40,676	34,205	40,348	34,185
Finance lease payables	17	29,562	23,851	29,562	23,851
Deferred income	18	13,324	18,089	13,309	13,498
Borrowings	19	—	250,000	—	250,000
		475,049	668,707	473,238	663,694
Non-current liabilities					
Finance lease payables	17	629,320	488,942	629,320	488,942
Deferred income	18	212,507	225,028	211,745	225,028
Borrowings	19	1,400,000	1,400,000	1,400,000	1,400,000
Provision for asset restoration obligations	20	12,613	13,829	12,613	13,829
		2,254,440	2,127,799	2,253,678	2,127,799
Total liabilities		2,729,489	2,796,506	2,726,916	2,791,493
Capital and reserves					
Share capital	21	1	1	1	1
Retained earnings		3,399	1,432	—	—
Capital reserve	22	5,335,175	5,138,057	5,335,175	5,138,057
Water efficiency fund	23	6,000	6,000	6,000	6,000
		5,344,575	5,145,490	5,341,176	5,144,058
Total liabilities, capital and reserves		8,074,064	7,941,996	8,068,092	7,935,551
Supplementary information					
Net liabilities of trust funds	24	(52,403)	(36,939)	(52,403)	(36,939)

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

Public Utilities Board and its Subsidiaries

**Statements of changes in capital and reserves
For the financial year ended 31 March 2017**

	Note	Group			
		Share capital	Retained earnings	Capital reserve	Water efficiency fund
		S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2015		1	1,431	4,972,795	6,000
Comprehensive income					
Net income after government grants and after contribution to government consolidated fund and taxation		–	166,837	–	–
Other comprehensive income		–	(1,574)	–	–
Total comprehensive income for the financial year		–	165,263	–	–
Transfer of reserves					
Transfer to retained earnings upon utilisation	23	–	2,257	–	(2,257)
Transfer to top up water efficiency fund	23	–	(2,257)	–	2,257
Transfer to capital reserve	22	–	(165,262)	165,262	–
		–	(165,262)	165,262	–
At 31 March 2016		1	1,432	5,138,057	6,000
At 1 April 2016		1	1,432	5,138,057	6,000
Comprehensive income					
Net income after government grants and after contribution to government consolidated fund and taxation		–	198,940	–	–
Other comprehensive income		–	145	–	–
Total comprehensive income for the financial year		–	199,085	–	–
Transfer of reserves					
Transfer to retained earnings upon utilisation	23	–	3,098	–	(3,098)
Transfer to top up water efficiency fund	23	–	(3,098)	–	3,098
Transfer to capital reserve	22	–	(197,118)	197,118	–
		–	(197,118)	197,118	–
At 31 March 2017		1	3,399	5,335,175	6,000

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

Public Utilities Board and its Subsidiaries

Statements of changes in capital and reserves (cont'd)
For the financial year ended 31 March 2017

			Board			
	Note	Share capital	Retained earnings	Capital reserve	Water efficiency fund	
		S\$'000	S\$'000	S\$'000	S\$'000	
					Total	
					S\$'000	
At 1 April 2015		1	–	4,972,795	6,000	4,978,796
Comprehensive income						
Net income after government grants and after contribution to government consolidated fund and taxation		–	166,836	–	–	166,836
Other comprehensive income		–	(1,574)	–	–	(1,574)
Total comprehensive income for financial year		–	165,262	–	–	165,262
Transfer of reserves						
Transfer to retained earnings upon utilisation	23	–	2,257	–	(2,257)	–
Transfer to top up water efficiency fund	23	–	(2,257)	–	2,257	–
Transfer to capital reserve	22	–	(165,262)	165,262	–	–
		–	(165,262)	165,262	–	–
At 31 March 2016		1	–	5,138,057	6,000	5,144,058
At 1 April 2016		1	–	5,138,057	6,000	5,144,058
Comprehensive income						
Net income after government grants and after contribution to government consolidated fund and taxation		–	196,973	–	–	196,973
Other comprehensive income		–	145	–	–	145
Total comprehensive income for the financial year		–	197,118	–	–	197,118
Transfer of reserves						
Transfer to retained earnings upon utilisation	23	–	3,098	–	(3,098)	–
Transfer to top up water efficiency fund	23	–	(3,098)	–	3,098	–
Transfer to capital reserve	22	–	(197,118)	197,118	–	–
		–	(197,118)	197,118	–	–
At 31 March 2017		1	–	5,335,175	6,000	5,341,176

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

Public Utilities Board and its Subsidiaries

Consolidated statement of cash flows For the financial year ended 31 March 2017

		Group	
	Note	31 March 2017 S\$'000	31 March 2016 S\$'000
Operating activities:			
Net loss before operating grants		(59,195)	(69,336)
<i>Adjustments for non-cash and non-operating items:</i>			
Impairment loss on property, plant and equipment	4.3	1,815	5,598
Allowance for doubtful receivables, net	4.3	906	2,081
Allowance for inventory obsolescence	4.3	277	1,358
Depreciation of property, plant and equipment	4.3	312,713	295,157
Investment income from bonds		(504)	(1,776)
Amortisation of bond premium		195	800
Loss on disposal of property, plant and equipment	5	1,191	6,006
Amortisation of deferred income	5	(13,506)	(12,753)
Interest income from fixed deposits	5	(12,519)	(10,985)
Finance expenses	6	84,844	87,660
Cash flows from operating activities before working capital changes		316,217	303,810
Change in inventories		(7,834)	(7,470)
Change in prepaid and deferred expenses		3,916	5,641
Change in trade and other receivables		(10,281)	10,797
Change in trade and other payables, and other liabilities		26,252	14,656
Change in deferred income		(3,780)	3,856
Cash flows from operations		324,490	331,290
Payment for government consolidated fund and tax		(34,205)	(37,390)
Net cash from operating activities		290,285	293,900
Investing activities:			
Acquisition of property, plant and equipment		(497,102)	(317,099)
Prepayments of property, plant and equipment		(3,819)	(1,784)
Maturity of investments		90,750	7,000
Proceeds from disposal of property, plant and equipment		953	191
Interest and investment income received		13,526	9,697
Net cash used in investing activities		(395,692)	(301,995)
Financing activities:			
Grants received from government		319,570	269,250
Redemption of borrowings		(250,000)	(100,000)
Payment for finance lease		(56,139)	(52,566)
Interest expense on fixed rate bonds		(55,269)	(58,298)
Net cash (used in)/from financing activities		(41,838)	58,386
Net (decrease)/increase in cash and cash equivalents		(147,245)	50,291
Cash and cash equivalents as at the beginning of financial year		830,546	780,255
Cash and cash equivalents as at the end of financial year	12	683,301	830,546

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

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

1. General

Public Utilities Board (the "Board") is a statutory board continued under the Public Utilities Act (Chapter 261, Revised Edition 2002) which came under the purview of the Ministry of Environment and Water Resources ("MEWR") on 1 April 2001.

The address of its registered and principal office is 40 Scotts Road, Environment Building, #22-01, Singapore 228231.

The principal activities of the Board established under the Public Utilities Act are to supply water to the public, and act as agent to the Singapore Government (the "Government") in the construction, management and maintenance of the public sewerage systems, public sewers, and storm water drainage systems belonging to the Government. The principal activities of its subsidiaries are set out in Note 14 to the financial statements.

2. Significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the financial statements of the Board have been prepared in accordance with the provision of the Public Utilities Act and Statutory Board Financial Reporting Standards (SB-FRS).

SB-FRS includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General. The Accountant-General is appointed as the legal authority to prescribe accounting standards for statutory boards under the Accounting Standards Act 2007 (No 39 of 2007) which came into effect on 1 November 2007.

The financial statements are presented in Singapore dollars (S\$) and all values are rounded to the nearest thousand (S\$'000) unless otherwise indicated.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

2.2 *Changes in accounting policies and adoption of new accounting standards*

(a) SB-FRS and Interpretations of SB-FRS effective in the financial year

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements. On 1 April 2016, the Group adopted the new or revised SB-FRS and Interpretations to FRS ("INT SB-FRS") that are mandatory for application from that date. The adoption has no significant impact on the Group's financial results and position for the financial year ended 31 March 2017.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

2.2 *Changes in accounting policies and adoption of new accounting standards (cont'd)*

(b) *SB-FRS and Interpretations of SB-FRS issued but not yet effective*

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

Reference	Description	Effective for annual periods beginning on or after
SB-FRS 102	Amendments to SB-FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
SB-FRS 109	Financial Instruments	1 January 2018
SB-FRS 115	Revenue from Contracts with Customers	1 January 2018
SB-FRS 115	Amendments to SB-FRS 115: Clarifications to SB-FRS 115 Revenue from Contracts with Customers	1 January 2018
SB-FRS 1001	Accounting and Disclosure for Non-Exchange Revenue	1 January 2018
SB-FRS 116	Leases	1 January 2019
SB-FRS 110 & SB-FRS 28	Amendments to SB-FRS 110 & SB-FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for SB-FRS 116, the Board expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of SB-FRS 116 are described below.

SB-FRS 116 Leases

SB-FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Board is currently assessing the impact of SB-FRS 116 and plans to adopt the new standard on the required effective date.

2.3 *Critical judgments and accounting estimates*

The preparation of the Group's financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of critical judgements and estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group reviews annually the estimated economic useful lives and residual values of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation, changes in technology, and anticipated use of the property, plant and equipment. If the estimated useful lives of property, plant and equipment were reduced by 5%, the Group's depreciation charge would increase by S\$16.5 million (2016: S\$15.5 million).

Recognition of Government grant and expenses

Government grants are recognised in profit or loss on a systematic basis over the periods when there is reasonable assurance that the Group complies with the conditions attached to them (if applicable) and there is reasonable assurance that the grant will be received. Factors such as historical claim experience, progress reports on related projects, on-site verification and payments of expenditures incurred will be considered by the Group.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and taken to profit or loss on a systematic and rational basis over the estimated useful lives of the related assets.

The Group recognises the costs or expenses for which the grant is intended to compensate when cost or expense is incurred.

2.4 **Consolidation**

The consolidated financial statements comprise the financial statements of the Board and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Board. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(a) *Subsidiaries*

A subsidiary is an investee that is controlled by the Board. The Board 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.

(b) *Accounting for subsidiaries*

Investments in subsidiaries are stated in the Board's statement of financial position at cost less accumulated impairment losses, if any.

(c) *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the disposed subsidiaries, and the other components of equity related to the subsidiaries at their carrying amounts at the date when control is lost. Any surplus or deficit arising on the loss of control is taken to profit or loss. If the Group retains any interest in the previous subsidiaries, then such interest is measured at fair value at the date when control is lost.

2.5 ***Foreign currency translation***

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The financial statements are presented in Singapore dollars (S\$), which is the Board's functional and presentation currency.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Board and its subsidiaries at the exchange rates at the dates of the transactions. At the reporting date, foreign currency monetary assets and liabilities are translated at exchange rates approximating those prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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.

All resultant exchange differences are taken to profit or loss.

2.6 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangement to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

- (a) Revenue from water sales and used water services are recognised upon billing, which is based on customers' consumption of water and used water services.

Revenue from used water services comprises waterborne fee, sanitary appliance fee and trade effluent fee.

- (b) Rental income is recognised on a straight-line basis over the period of the lease.

- (c) Interest income is recognised on an accrual basis using the effective interest method.

- (d) Dividend income is recognised when the shareholder's right to receive payment is established.

2.7 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

Government grants related to income are recognised in profit or loss over the same period in which the Group recognises as expenses, the related incurred costs for which the grants are intended to compensate.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and taken to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.8 Income taxes

In lieu of income tax, the Board is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A.

The Group's income tax expense comprises current and deferred tax of the subsidiaries. Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred income tax assets/liabilities are recognised for all deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise 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 accounting nor taxable profit or loss.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date; and
- (ii) the tax consequence that would follow from the manner in which the Board's subsidiaries expect, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

2.8 ***Income taxes (cont'd)***

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred income taxes are recognised as income or expenses in profit or loss for the period, except to the extent that the tax arises from a transaction which is recognised directly in statement of changes in capital and reserves.

2.9 ***Inventories***

The Group's inventories are consumables and spares used primarily for the treatment of water and used water; and maintenance of plant and equipment but not held for trading.

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Inventories which are considered obsolete, deteriorated or damaged are recorded in the allowance for write-down of inventories before the inventories are authorised to be written off.

2.10 ***Financial assets***

Financial assets 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 assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is irrevocable.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade and other receivables and cash.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the intention and ability to hold the investments to maturity. The Group's held-to-maturity investments comprise statutory board bonds. As at 31 March 2017, these bonds have been redeemed upon maturity.

2.10 **Financial assets (cont'd)**

Measurement

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The classification is based on the purpose for which the assets were acquired and the nature of the financial assets.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses.

De-recognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

Financial assets carried at amortised costs

The Group considers objective evidence of impairment of financial assets at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together such assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recovery and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. The amount of impairment is the difference between the carrying amount of the asset and present value of its estimated future cash flows, discounted at the original effective interest rate.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

2.10 *Financial assets (cont'd)*

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These include cash with Accountant-General's Department ("AGD"), that is managed by the AGD under the Centralised Liquidity Management as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

2.12 *Property, plant and equipment*

(a) *Owned assets*

On 1 May 1963, with the establishment of the Board, property, plant and equipment of the former City Council were vested in the Board at net book value. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes its purchase price, cost of replacing part of the property, plant and equipment and any cost that is directly attributable to the acquisition, construction, production or bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of property, plant and equipment are required to be replaced in intervals, such parts are capitalised and depreciated over their useful lives. The parts that are being replaced are written off. All other repair and maintenance costs are recognised in profit or loss as incurred.

The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) *Leased assets*

Property, plant and equipment under finance lease is capitalised at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less subsequent accumulated depreciation and impairment losses. Lease payments are allocated between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are taken to profit or loss.

(c) *Depreciation*

Depreciation of property, plant and equipment is charged from the month of acquisition of the asset or available for use as intended by management and is calculated on the straight-line method to allocate the depreciable amounts over their estimated useful lives.

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

(c) *Depreciation (cont'd)*

The estimated useful lives of depreciable property, plant and equipment are as follows:

Properties	
- leasehold land	18 to 99 years, or the remaining lease period
- land development and buildings ⁽¹⁾	30 to 100 years
Plant and equipment	5 to 25 years
Pipelines	50 to 70 years
Others (mainly meters, vehicles and computer systems)	4 to 15 years

⁽¹⁾ *Building comprise mainly civil structure to house plant and equipment.*

No depreciation is charged on freehold land.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Depreciation method, useful lives and residual values are reviewed and adjusted prospectively as appropriate, at each reporting date. The Group regularly reviews the useful lives of its property, plant and equipment. Arising from such reviews, property, plant and equipment which are obsolete, unserviceable, unreliable or unidentifiable are written off.

(d) *Disposal of assets*

An item of property, plant and equipment is derecognised when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with its carrying amount, and are recognised net in profit or loss.

2.13 **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment losses at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset or its related cash-generating unit ("CGU") exceeds its recoverable amount which is the higher of fair value less costs of disposal and its value in use of an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in profit or loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual assets basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the assets belong.

2.13 Impairment of financial assets (cont'd)

Impairment losses recognised in respect of CGUs are allocated to the CGU (group of CGUs) on a pro rata basis.

An impairment loss for an asset (or CGU) is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount of the asset (or CGU) since the last impairment loss was recognised. The carrying amount of an asset (or CGU) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment loss for an asset (or CGU) is recognised in profit or loss.

2.14 Financial liabilities

Financial liabilities are recognised 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. The Group has classified borrowings, trade and other payables and finance lease payables as non-derivative financial liabilities.

Measurement

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

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.15 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events that it is probable an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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.

2.16 **Employee benefits**

(a) *Defined contribution plans*

Defined contribution plans are contributions on employees' salaries which are made to the Central Provident Fund ("CPF") as required by law. The CPF contributions are recognised as expenses in the period when the employees rendered their services.

(b) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

(c) *Pension*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Singapore Government Securities that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method.

The Board, apart from the legally required contribution plans such as the Central Provident Fund, operates pension plans for pensionable employees transferred from the former Ministry of Environment. The Board's obligation is from 1 April 2001 to the earlier of the day of retirement and death of these employees. The provision for pension is recognised based on the hypothetical gratuity for each pensionable employee accrued from 1 April 2001 up to the reporting date. The hypothetical gratuity for each pensionable officer and Board's share of the gratuity is computed based on existing guidelines found in the Pension Act and circulars issued by the Public Service Division.

2.17 **Borrowings costs**

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest that the Group incurs in connection with its borrowings.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

2.18 **Leases**

As lessee

Finance lease

Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are taken to profit or loss.

Operating lease

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.

2.19 **Water efficiency fund**

Water efficiency fund belongs to the Board. The fund is reviewed periodically by the Board for adequacy and additional contribution or refund will be made to or from the fund as appropriate. Any utilisation of the fund during the financial year will be matched by transferring from the retained earnings. Assets and liabilities of these funds are pooled with those of the Board in the statement of financial position. The fund is accounted for on an accrual basis.

2.20 **Trust funds**

The Board, in its role as an agent of the Government for the sewerage and drainage functions, receives funds from Ministry of Environment and Water Resources ("MEWR") to defray the development costs of drainage networks and used water reticulation networks owned by the Government. In addition, it receives funds from MEWR and Singapore Totalisator Board for construction of projects under the Active, Beautiful, Clean Waters Programme, also owned by the Government. These funds are held in trust by the Board.

The funds received are accounted for separately under a trust fund as set out in Note 24. All transactions pertaining to activities supported by the funds are taken directly to the trust funds. Annual excess or shortfall in the funds after disbursing all development expenditure for MEWR will be refunded to or recovered from MEWR accordingly. The surplus funds received from Singapore Totalisator Board are returned when the construction of assets is completed.

The net assets or liabilities of the fund do not form part of the Board's assets and liabilities but are shown separately in the Group's statement of financial position. The fund is accounted for on an accrual basis.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Operating income

	Group		Board	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Water sales	790,281	783,753	790,281	783,753
Used water services	422,588	416,990	422,588	416,990
Other operating income	9,563	570	—	—
	1,222,432	1,201,313	1,212,869	1,200,743

4. Operating expenses

		Group		Board	
	Note	31 March 2017	31 March 2016	31 March 2017	31 March 2016
		S\$'000	S\$'000	S\$'000	S\$'000
Direct operating expenses:					
- electricity		82,454	99,984	82,454	99,984
- manpower		267,556	266,259	267,790	266,225
- depreciation		309,955	293,151	309,955	293,151
- impairment loss		1,815	5,598	1,815	5,598
- plant rental		1,828	2,039	1,828	2,039
- property tax		16,754	16,561	16,754	16,561
- maintenance and others	4.1	432,895	403,028	425,408	402,727
Indirect operating expenses:					
- service departments' costs	4.2	156,985	152,714	156,985	152,714
	4.3	1,270,242	1,239,334	1,262,989	1,238,999

4.1 Included in maintenance and others are expenses related to the purchase of raw water from the Government of the State of Johor. Price for the purchase of raw water from and treated water sold to the Government of the State of Johor in accordance with the 1962 Water Agreement are based on the rate of 3 sen and 50 sen per thousand gallons respectively. In August 2002, the Johor Government had sought a review of the price of raw water. The Singapore Government's position is that Malaysia has lost the right of review.

4.2 Service departments' costs comprise manpower, depreciation, maintenance, administrative and other expenses.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

4. Operating expenses (cont'd)

4.3 Included in direct and indirect operating expenses are:

	Note	Group		Board	
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
		S\$'000	S\$'000	S\$'000	S\$'000
Board members' allowance		236	236	236	236
Salaries and overtime allowances		300,019	295,774	299,982	295,743
Central/Employee Provident Fund		36,101	32,384	36,099	32,383
Provision for pension		300	307	300	307
Other employee benefits		8,192	7,707	8,167	7,706
Net foreign exchange loss		565	676	565	676
Research and development expenses		17,842	16,244	17,842	16,244
Allowance for inventory obsolescence	8	277	1,358	277	1,358
Allowance for doubtful receivables		906	2,081	970	2,081
Depreciation of property, plant and equipment	13	312,713	295,157	312,713	295,157
Impairment loss of property, plant and equipment	13	1,815	5,598	1,815	5,598

5. Net non-operating income

	Note	Group		Board	
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
		S\$'000	S\$'000	S\$'000	S\$'000
Net investment income	5.1	309	976	309	976
Rental income		12,143	12,471	12,143	12,471
Amortisation of deferred income	18	13,506	12,753	13,506	12,753
Interest income from fixed deposits		12,519	10,985	12,519	10,985
Project management fees	25	16,375	12,288	16,375	12,288
Disbursement recoverable jobs		7,058	3,275	7,058	3,275
Other sundry income		12,740	9,603	12,740	9,764
Loss on disposal of property, plant and equipment		(1,191)	(6,006)	(1,191)	(6,006)
		73,459	56,345	73,459	56,506

5.1 Investments comprise held-to-maturity investments in statutory board bonds as set out in Note 11.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

6. Finance expenses

		Group and Board	
	Note	31 March 2017	31 March 2016
		S\$'000	S\$'000
Pension interest expense	16	230	185
Finance charge on finance lease payables		30,963	30,042
Interest expense on fixed rate bonds		53,361	57,064
Accretion expense on asset restoration obligations		290	369
		84,844	87,660

7. Contribution to government consolidated fund and taxation

- 7.1 The Board is required under the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A to contribute to the Government Consolidated Fund ("GCF"). Contribution to GCF and taxation is made up of the following:

	Group		Board	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	S\$'000	S\$'000	S\$'000	S\$'000
<i>GCF and current income tax</i>				
GCF	40,348	34,185	40,348	34,185
Taxation	338	43	—	—
Under provision in respect of prior financial year	—	20	—	—
	40,686	34,248	40,348	34,185
<i>Deferred income tax</i>				
Over provision in respect of prior financial year	5	10	—	—
	40,691	34,258	40,348	34,185

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

7. Contribution to government consolidated fund and taxation (cont'd)

7.2 A reconciliation between the contribution to GCF and taxation on the net income (after government grants) of the Group and Board and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 March is as follows:

	Group		Board	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Net income after government grants and before GCF and taxation	239,631	201,095	237,321	201,020
Excluding intra-group transaction	—	160	—	—
	<u>239,631</u>	<u>201,255</u>	<u>237,321</u>	<u>201,020</u>
Singapore tax rate of 17%	40,737	34,213	40,345	34,173
Effects of:				
Expenses not deductible for tax purposes	6	13	3	12
Under provision in respect of prior financial year	—	20	—	—
Effects of tax relief	(42)	(11)	—	—
Utilisation of previously unutilised capital allowances	(15)	—	—	—
Overprovision of deferred tax in prior year	5	10	—	—
Deferred tax assets not recognised	—	13	—	—
	<u>40,691</u>	<u>34,258</u>	<u>40,348</u>	<u>34,185</u>

7.3 Deferred tax assets have not been recognised in respect of the following items:

Deductible temporary differences	717	769	—	—
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Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries of the Group could utilise the benefits there from.

Public Utilities Board and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2017**

8. Inventories

		Group and Board	
	Note	31 March 2017	31 March 2016
		S\$'000	S\$'000
At cost:			
Pipes and fittings		937	967
Chemicals		1,066	1,452
Spare parts and accessories		60,331	54,525
Fuel and lubricants		4,580	4,722
Sundries and others		324	424
		<hr/>	<hr/>
		67,238	62,090
Allowance for inventory obsolescence		(389)	(2,798)
		<hr/>	<hr/>
		66,849	59,292
		<hr/>	<hr/>
Allowance for inventory obsolescence:			
At the beginning of financial year		2,798	1,568
Allowance made		282	1,373
Reversal of write-down of inventories		(5)	(15)
		<hr/>	<hr/>
	4.3	277	1,358
Allowance utilised		(2,686)	(128)
		<hr/>	<hr/>
At the end of financial year		389	2,798
		<hr/>	<hr/>

The amount of inventories recognised as an operating expense for the financial year ended 31 March 2017 was S\$39.0 million (2016: S\$34.5 million).

Public Utilities Board and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2017**

9. Trade and other receivables

		Group		Board	
	Note	31 March 2017	31 March 2016	31 March 2017	31 March 2016
		S\$'000	S\$'000	S\$'000	S\$'000
<i>Trade and other receivables (current)</i>					
Trade receivables	9.1	85,592	87,773	82,037	83,750
Sundry receivables	9.2	70,708	59,259	70,708	59,259
Other receivables		712	1,873	712	1,873
Deposits		191	84	191	84
Amounts due from government		11,321	10,323	11,321	10,323
Amounts due from subsidiaries		—	—	10	96
		168,524	159,312	164,979	155,385
Other receivables (non-current)		21	57	21	57
Add: Cash	12	683,301	830,546	680,981	829,088
Less: Net Goods and Services Tax receivables		(3,155)	—	(3,152)	—
Total loans and receivables		848,691	989,915	842,829	984,530

9.1 Trade receivables

	Group		Board	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	90,997	93,330	87,442	89,243
Allowance for doubtful receivables:				
At the beginning of financial year	(5,557)	(4,504)	(5,493)	(4,440)
Written off	1,058	1,019	1,058	1,019
Allowance	(970)	(2,072)	(970)	(2,072)
Written back	64	—	—	—
At the end of financial year	(5,405)	(5,557)	(5,405)	(5,493)
	85,592	87,773	82,037	83,750

Trade receivables mainly represent receivables from customers with respect to water supply and used water services. These amounts are unsecured and generally on 14 days' terms. They are recognised at the billed amounts which represent their fair values on initial recognition.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

9. Trade and other receivables (cont'd)

9.1 Trade receivables (cont'd)

Allowance for doubtful trade receivables and ageing analysis

	Group					
	31 March 2017			31 March 2016		
	Gross receivables	Allowance (collective)	Allowance (individual)	Total allowance	Net receivables	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	SS\$'000
Current	73,615	-	-	-	74,672	74,672
Past due						
< 30 days	8,897	(606)	(113)	(719)	8,178	8,379
31 - 90 days	4,200	(600)	(171)	(771)	3,429	4,134
91 - 180 days	1,184	(604)	(210)	(814)	370	479
> 180 days	3,101	-	(3,101)	(3,101)	-	109
	90,997	(1,810)	(3,595)	(5,405)	85,592	87,773

	Board					
	31 March 2017			31 March 2016		
	Gross receivables	Allowance (collective)	Allowance (individual)	Total allowance	Net receivables	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	SS\$'000
Current	70,219	-	-	-	71,853	71,853
Past due						
< 30 days	8,897	(606)	(113)	(719)	8,178	7,874
31 - 90 days	4,125	(600)	(171)	(771)	3,354	3,595
91 - 180 days	1,100	(604)	(210)	(814)	286	428
> 180 days	3,101	-	(3,101)	(3,101)	-	-
	87,442	(1,810)	(3,595)	(5,405)	82,037	83,750

Public Utilities Board and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2017**

9. Trade and other receivables (cont'd)

9.2 Sundry receivables

	Group and Board	
	31 March 2017	31 March 2016
	S\$'000	S\$'000
Sundry receivables	70,721	59,276
Allowance for doubtful receivables		
At the beginning of financial year	(17)	(67)
Allowance made	—	(9)
Written off	4	59
At the end of financial year	(13)	(17)
	70,708	59,259

Sundry receivables comprised the revenue and customer deposits collected by the Board's billing and collection agent, SP Services Limited, which have not been remitted to the Board; other receivables for disbursement recoverable jobs billed and collected by the Board; and net Goods and Services Tax receivables.

These amounts are denominated in S\$, unsecured and short-term in nature.

Allowance for doubtful sundry receivables and ageing analysis

	Group and Board					
	31 March 2017			31 March 2016		
	Gross receivables	Allowance (individual)	Net receivables	Gross receivables	Allowance (individual)	Net receivables
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current	70,479	—	70,479	58,986	—	58,986
Past due						
< 30 days	42	—	42	10	—	10
31 – 90 days	4	—	4	38	—	38
91 – 180 days	—	—	—	7	—	7
> 180 days	196	(13)	183	235	(17)	218
	70,721	(13)	70,708	59,276	(17)	59,259

No collective impairment allowance is made for sundry receivables during the financial years ended 31 March 2017 and 31 March 2016.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

10. Prepaid and deferred expenses

Current prepaid expenses are payments made in advance for operating expenditure.

Non-current prepaid expenses comprise mainly payments made for property, plant and equipment where risk and title has not yet been transferred to the Group as at reporting date.

Deferred expenses relate mainly to expenses incurred in the preparation and organisation of the Singapore International Water Week event which will be held in July 2018.

11. Other investments

Other investments comprise held-to-maturity investments in local statutory board bonds. The investments are initially recorded at fair value and the discounts and premiums are amortised using the effective interest method. As at 31 March 2017, these bonds have been redeemed upon maturity.

12. Cash

	Note	Group		Board	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		S\$'000	S\$'000	S\$'000	S\$'000
Cash with AGD					
- Singapore dollar	12.1	669,957	819,750	669,957	819,750
Fixed and ACU deposits					
- Malaysian ringgit	12.2	9,220	7,452	9,220	7,452
Cash at banks	12.3				
- Singapore dollar		3,110	2,331	807	890
- Malaysian ringgit		997	996	997	996
- US dollar		17	17	–	–
		683,301	830,546	680,981	829,088

12.1 Cash with AGD refers to cash that is managed by the Accountant-General's Department under the Government's Centralised Liquidity Management Framework for Statutory Boards and Ministries. The effective interest rate for cash with AGD for the reporting period for the Group is 1.37% (2016: 1.26%) per annum.

12.2 The effective interest rate per annum relating to fixed and Asian Currency Unit ("ACU") deposits for the reporting period for the Group is 3.25% (2016: 3.40%).

12.3 Cash at banks earns interest at floating rate based on daily bank rate.

Public Utilities Board and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2017**

13. Property, plant and equipment

Movements of property, plant and equipment are as follows:

	Group and Board							
	Properties - Land S\$'000	Properties - development and buildings ⁽²⁾ S\$'000	Properties - Leasehold land S\$'000	Plant and equipment S\$'000	Pipelines S\$'000	Others S\$'000	Assets under construction S\$'000	Total S\$'000
At cost:								
At 1 April 2015	981	2,804,341	334,745	3,527,987	2,318,006	149,977	393,380	9,529,417
Additions	-	-	-	-	-	6,108	316,725	322,833
Adjustments	-	(1,117)	-	-	-	-	-	(1,117)
Transfers	-	20,199	18,492	101,695	240,513	17,657	(398,556)	-
Disposals	-	(5,054)	-	(49,269)	(563)	(2,857)	-	(57,743)
At 31 March 2016 and 1 April 2016	981	2,818,369	353,237	3,580,413	2,557,956	170,885	311,549	9,793,390
Additions	-	-	-	171,684	-	4,296	495,778	671,758
Adjustments	-	(1,507)	-	-	-	-	-	(1,507)
Transfers	-	37,907	60,021	148,315	76,637	4,274	(327,154)	-
Disposals	-	(2,681)	-	(33,270)	(9,532)	(14,240)	-	(59,723)
At 31 March 2017	981	2,852,088	413,258	3,867,142	2,625,061	165,215	480,173	10,403,918
Accumulated depreciation and impairment loss:								
At 1 April 2015	-	809,316	62,202	1,245,774	541,508	91,884	-	2,750,684
Depreciation charge for the year	-	63,424	6,998	172,908	40,091	11,736	-	295,157
Adjustments	-	(311)	-	-	-	-	-	(311)
Transfers	-	572	-	54	4,972	-	-	5,598
Impairment	-	(3)	-	3	-	-	-	-
Disposals	-	(3,538)	-	(45,148)	(31)	(2,829)	-	(51,546)
At 31 March 2016 and 1 April 2016	-	869,460	69,200	1,373,591	586,540	100,791	-	2,999,582
Depreciation charge for the year	-	64,192	7,507	185,417	42,019	13,578	-	312,713
Adjustments	-	(746)	-	(1,026)	(4,987)	-	-	(6,759)
Impairment	-	-	-	958	857	-	-	1,815
Transfers	-	3	-	(12)	9	-	-	-
Disposals	-	(1,516)	-	(30,984)	(4,545)	(13,833)	-	(50,878)
At 31 March 2017	-	931,393	76,707	1,527,944	619,893	100,536	-	3,256,473
Carrying amount:								
At 31 March 2017	981	1,920,695	336,551	2,339,198	2,005,168	64,679	480,173	7,147,445
At 31 March 2016	981	1,948,909	284,037	2,206,822	1,971,416	70,094	311,549	6,793,808

⁽²⁾ Buildings comprise mainly civil structure to house plant and equipment.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

13. Property, plant and equipment (cont'd)

13.1 Included in additions to property, plant and equipment was prepaid costs which amounted to S\$3.0 million (2016: S\$5.7 million). The cash outflow for acquisition of property, plant and equipment amounted to S\$497.1 million (2016: S\$317.1 million).

13.2 Assets under finance lease

The carrying amount of plant and equipment held under finance leases at the reporting date was S\$587.4 million (2016: S\$447.8 million). These relate to the water purchase agreements with private entities for the supply of desalinated water and NEWater to the Group under the Design-Build-Own-Operate arrangements. The Group has recognised these Design-Build-Own-Operate projects as finance lease and at initial recognition, recorded these as plant and equipment with a corresponding finance lease payable as set out in Note 17.

14. Investment in subsidiaries

Name of subsidiaries	Note	Country of incorporation	Carrying value of investment		Equity holding	
			31 March 2017 S\$	31 March 2016 S\$	31 March 2017	31 March 2016
Held by the Board						
PUB Consultants Private Limited ("PUBC") ⁽³⁾	14.1	Singapore	100,000	100,000	100%	100%
Held by PUBC						
Singapore International Water Week Pte. Ltd. ("SIPL") ⁽³⁾	14.2	Singapore	1	1	100%	100%

⁽³⁾ Audited by Ernst & Young LLP, Singapore

14.1 PUBC was incorporated on 2 August 1991. Its principal activity is to serve as the commercial arm of the Board and play the facilitative role in assisting the Board to achieve its roles to grow the Singapore water industry and in developing Singapore into a Global Hydrohub. PUBC harnesses the Board's operational experience and resources to support the Singapore-based companies in their overseas ventures in water related projects.

14.2 SIPL was incorporated on 24 September 2007. Its principal business activity is to organise the Singapore International Water Week ("SIWW"), a water event that serves as a global platform to share and co-create innovative water solutions. Stakeholders from the global water industry gather at SIWW to share business opportunities and showcase the latest water technologies. SIWW is part of the strategic programme of the Singapore Government to grow the water industry in Singapore and develop water technologies and solutions.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

15. Trade and other payables

		Group		Board	
	Note	31 March 2017	31 March 2016	31 March 2017	31 March 2016
		S\$'000	S\$'000	S\$'000	S\$'000
<i>Trade and other payables (current)</i>					
Amount due to government		24,335	3,246	24,335	3,246
Trade and other payables		113,788	97,557	112,305	96,726
Amount due to subsidiaries		—	—	15	429
Customer deposits		82,858	78,833	82,858	78,833
		220,981	179,636	219,513	179,234
Less: Net Goods and Services Tax payables		—	(5,155)	—	(5,044)
		220,981	174,481	219,513	174,190
Add:					
- Accruals	16	156,773	148,342	156,773	148,342
- Borrowings	19	1,400,000	1,650,000	1,400,000	1,650,000
- Finance lease payables (current and non-current)	17	658,882	512,793	658,882	512,793
Total financial liabilities carried at amortised cost		2,436,636	2,485,616	2,435,168	2,485,325

Trade and other payables and other liabilities are unsecured and short-term in nature. Trade payables are normally settled on 21 - 30 days (2016: 21 - 30 days) terms.

16. Other liabilities

		Group and Board	
	Note	31 March 2017	31 March 2016
		S\$'000	S\$'000
Accruals		156,773	148,342
Provision for pension	16.1	13,733	14,584
		170,506	162,926

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

16. Other liabilities (cont'd)

16.1 Provision for pension

The movement in the provision for pension was as follows:

	Group and Board	
	31 March	31 March
	2017	2016
	S\$'000	S\$'000
At the beginning of financial year	14,584	15,084
Current service cost	278	278
Pension interest expense	230	185
Re-measurement (gain)/loss	(145)	1,574
Liability extinguished on settlement	(1,214)	(2,537)
At the end of financial year	13,733	14,584

The Group's pension obligation is a defined benefit plan, which relates to pensionable employees transferred from the former Ministry of Environment. The Board and the Government jointly finance the payment of pension to pensionable employees at their retirement.

The proportion of pension benefits payable to pensionable employees prior to their transfer to the Board on 1 April 2001, which is to be borne by the Government, is excluded from the amount stated above.

The principal assumptions used in determining the pension obligation are as shown below:

- (i) All pensionable employees will retire at age of 62 years (2016: 62 years).
- (ii) Pensionable employees are entitled to select one of the following state-managed pension schemes upon retirement:
 - (a) Monthly pension payments;
 - (b) Reduced monthly pension payments together with gratuity payment upon retirement; or
 - (c) Lump sum gratuity payment upon retirement
- (iii) The discount rate for the pension obligation is 1.80% (2016: 1.61%) per annum, which is based on the market yields on the Government bonds.
- (iv) The Board's average share of pension obligation is estimated at a factor of 0.66 (2016: 0.66).

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

16. Other liabilities (cont'd)

16.1 Provision for pension (cont'd)

The sensitivity analysis below has been determined based on reasonably possible changes to each of the following significant assumption on the pension obligation at the reporting date, assuming all other assumptions were held constant:

	Increase/ (decrease)	Increase/(decrease) of provision for pension	
		31 March 2017 S\$'000	31 March 2016 S\$'000
Discount rate	5.0% (5.0)%	(62) 62	(65) 66
Retirement age	1.6% (1.6)%	(165) 163	(174) 172
Ratio of PUB and MEWR shares of pension	5.0% (5.0)%	521 (521)	549 (549)

As at 31 March 2017, the average duration of the pension obligation is 5.4 years (2016: 6 years).

17. Finance lease payables

The Group's and the Board's finance lease payables as at the reporting date are as follows:

	Group and Board					
	Future minimum lease payments 31 March 2017 S\$'000	Interest 31 March 2017 S\$'000	Principal 31 March 2017 S\$'000	Future minimum lease payments 31 March 2016 S\$'000	Interest 31 March 2016 S\$'000	Principal 31 March 2016 S\$'000
Current						
Within one year	63,976	34,414	29,562	52,539	28,688	23,851
Non-current						
Between one and five years	256,080	119,637	136,443	210,065	99,588	110,477
More than five years	690,622	197,745	492,877	528,070	149,605	378,465
	946,702	317,382	629,320	738,135	249,193	488,942
	1,010,678	351,796	658,882	790,674	277,881	512,793

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

17. Finance lease payables (cont'd)

The imputed finance expenses on the finance lease payables were determined based on the interest rates implicit in the leases. The effective annual interest rate is 5.29% (2016: 5.67%) for the financial year ended 31 March 2017. These finance leases are in relation to the Group's water purchase agreements under Design-Build-Own-Operate arrangement as set out in Note 13.2.

18. Deferred income

Deferred income pertains to:

- (i) Operating lease income received in advance in respect of 5 land leases with periods ranging from 20 to 30 years (2016: 5 land leases with periods ranging from 20 to 30 years);
- (ii) Amounts received from government bodies and private developers towards the capital outlay for the provision of water facilities that were completed in and after 1998;
- (iii) Capital grant received from government relating to acquisition of fixed assets; and
- (iv) Billings made in advance for the Singapore International Water Week ("SIWW") event which will be held in July 2018.

19. Borrowings

Unsecured fixed rate bonds

Currency	Tenure (Years)	Interest rate (% per annum)	Issue date	Maturity date	Group and Board	
					31 March 2017	31 March 2016
					S\$'000	S\$'000
S\$	7	2.420	15/12/2009	15/12/2016	—	250,000
S\$	12	3.900	31/08/2006	31/08/2018	400,000	400,000
S\$	15	3.520	26/10/2005	26/10/2020	300,000	300,000
S\$	12	3.012	12/07/2010	12/07/2022	400,000	400,000
S\$	20	3.620	12/10/2007	12/10/2027	300,000	300,000
					<u>1,400,000</u>	<u>1,650,000</u>
Represented by:						
Current (within 1 year)					—	250,000
Non-current (more than 1 year)					<u>1,400,000</u>	<u>1,400,000</u>
					<u>1,400,000</u>	<u>1,650,000</u>

The weighted average effective interest rate for fixed rate borrowings as at the reporting date is 3.51% per annum (2016: 3.34% per annum).

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

20. Provision for asset restoration obligations

A provision of S\$12.6 million (2016: S\$13.8 million) was made to recognise the Board's asset restoration obligations. The provision was estimated based on the latest available demolition costs of comparable assets and discounted at the market government bond yield rate ranging from 1.76% to 2.47% (2016: 1.45% to 2.52%) which commensurate with the estimated numbers of years to restoration.

21. Share capital

Group and Board
31 March 2017 and 2016
No. of
shares S\$'000

Issued and fully paid ordinary shares:

At the beginning and end of financial year	1,000	1
--	-------	---

The shares are held by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183, 1985 Revised Edition) and who is a shareholder of the Board. The shares do not carry any voting rights.

The holder of ordinary shares is entitled to receive dividends as and when declared annually, in accordance with Finance Circular Minute No. M26/2008 issued by Ministry of Finance. No dividends were declared for the financial years ended 31 March 2017 and 31 March 2016 as the net income after government grants and after contribution to government consolidated fund and taxation will be utilised for capital expenditure.

The fully paid ordinary shares have no par value.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

22. Capital reserve

Section 14 of the Public Utilities Act 2002 requires the Board to finance a reasonable proportion of its capital expenditure from internal sources. The capital reserve has been utilised to account for the yearly transfer of the retained earnings to finance the Board's property, plant and equipment. The capital reserve comprises the accumulated transfers from retained earnings and amounts paid by Government bodies and private developers towards the capital outlay for the provision of utility facilities completed before 1998.

23. Water efficiency fund

	Group and Board	
	31 March 2017 S\$'000	31 March 2016 S\$'000
At the beginning and end of financial year	6,000	6,000

Water efficiency fund was established to encourage industries to put in place water conservation initiatives through co-funding. During the financial year ended 31 March 2017, S\$3.10 million (2016: S\$2.26 million) of co-funding was incurred. The co-funding amount incurred was drawn from the water efficiency fund and recognised as operating expenses during the financial year. The same amount was transferred from retained earnings to water efficiency fund to maintain the fund at S\$6.00 million (2016: S\$6.00 million) as at the reporting date.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2017

24. Net liabilities of trust funds

The trust funds comprise funds received from Ministry of Environment and Water Resources and Singapore Totalisator Board for the construction of assets owned by the Government as set out in Note 2.20.

The funds remaining as at the reporting date are as follows:

	Group and Board	
	31 March 2017	31 March 2016
	S\$'000	S\$'000
Ministry of Environment and Water Resources	(53,117)	(40,030)
Singapore Totalisator Board	714	3,091
	(52,403)	(36,939)
The funds are accounted for as follows:		
At the beginning of financial year	(36,939)	(38,115)
Receipts		
- funds received	585,458	522,356
- interest income	468	373
- liquidated damages	418	615
- recovery of development expenditure	667	1,439
	587,011	524,783
	550,072	486,668
Expenditure		
- development expenditure	(563,920)	(489,204)
- Goods and Services Tax	(38,555)	(34,403)
	(602,475)	(523,607)
At the end of financial year	(52,403)	(36,939)
Represented by:		
Assets		
- cash at bank	22,563	7,447
- sundry receivables	320	285
	22,883	7,732
Liabilities		
- sundry creditors and others	(74,991)	(44,305)
- tender deposits	(295)	(366)
	(75,286)	(44,671)
Net liabilities of trust funds	(52,403)	(36,939)

The assets and liabilities of the trust funds are excluded from the assets and liabilities of the Group and the Board.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
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25. Significant related party transactions

(a) *Sale and purchase of goods and services*

The Board supplies water and provides used water services to all entities in Singapore which also include its subsidiaries and Government agencies (comprising Ministries, Organs of State and other Statutory Boards). These transactions are conducted in the ordinary course of business.

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

	Group	
	31 March 2017	31 March 2016
	S\$'000	S\$'000
<u>Services rendered</u>		
- Diversion and Connection	15,569	17,074
- Project management fees	16,375	12,288
- Agency fees	11,812	—
- Laying of sewers requested by other agencies	7,266	—
- License fees	6,102	6,098
- Others	6,307	18,152
<u>Purchases</u>		
- Rental of plant, office premises and installations	12,177	9,841
- IT services	7,267	6,528
- Construction services	7,266	24,208
- Alienation of land	38,750	48,694
- Others	18,191	16,235

(b) *Compensation of key management personnel*

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation of key management personnel is as follows:

	Group		Board	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Short-term employee benefits	8,767	7,775	8,740	7,744
CPF Contributions	387	328	384	327
Post-employment benefits	27	28	27	28
	9,181	8,131	9,151	8,099

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

26. Commitments

(a) *Operating lease commitments – as lessee*

As at the reporting date, non-cancellable lease commitments in relation to operating leases contracted for but not recognised as liabilities are as follows:

	Group and Board	
	31 March 2017	31 March 2016
	S\$'000	S\$'000
Not later than one year	14,384	15,085
Later than one year but not later than five years	3,693	13,705
	<u>18,077</u>	<u>28,790</u>

The Group leases a number of Government owned assets. None of these leases include contingent rental arrangements.

S\$14.9 million (2016: S\$15.5 million) was recognised as an expense in profit or loss during the financial year.

(b) *Capital commitments*

Capital expenditure contracted for as at the reporting date but not recognised as liabilities or disclosed elsewhere in the financial statements are as follows:

	Group and Board	
	31 March 2017	31 March 2016
	S\$'000	S\$'000
Development projects belonging to the Board	1,589,488	898,300
Development projects belonging to the Government	1,354,207	1,653,216
	<u>2,943,695</u>	<u>2,551,516</u>

Public Utilities Board and its Subsidiaries

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For the financial year ended 31 March 2017

27. Fair value of financial assets and liabilities

(a) *Fair value hierarchy*

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

- Level 1 – Quoted prices (unadjusted) in active market 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 at the lowest level input that is significant to the entire measurement.

(b) *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 and Board's assets and liabilities not measured at fair value as at the reporting date but for which fair value is disclosed:

Group and Board						
Fair value measurements as at the reporting date using						
	Note	Quoted prices in active markets for identical assets and liabilities (Level 1) S\$'000	Significant observable inputs other than quoted prices (Level 2) S\$'000	Significant un-observable inputs (Level 3) S\$'000	Total S\$'000	Carrying amount S\$'000
31 March 2017						
Liability:						
Borrowings	19	–	1,482,662	–	1,482,662	1,400,000
31 March 2016						
Asset:						
Other investments	11	–	90,885	–	90,885	90,945
Liability:						
Borrowings	19	–	1,758,070	–	1,758,070	1,650,000

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Notes to the Financial Statements
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27. Fair value of financial assets and liabilities (cont'd)

- (b) *Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)*

Determination of fair value

The fair values of the assets and liabilities, for disclosure purposes, are calculated based on prices at reporting date obtained from Thomson Reuters.

- (c) *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*

	Note	Group and Board Total carrying amount S\$'000	Fair value S\$'000
31 March 2017			
Financial liability			
Borrowings	19	1,400,000	1,482,662
31 March 2016			
Financial liability			
Borrowings	19	1,650,000	1,758,070

The carrying amount of other investments is a reasonable approximation of its fair value.

28. Financial risk management and policies

The Group is exposed to (a) credit risk (b) interest rate risk (c) foreign currency risk and (d) liquidity risk.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's overall financial risk management approach focuses on the state and the unpredictability of the financial and capital markets and seeks to minimise the potential adverse effects from the exposures to these risks on the financial performance of the Group.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

28. Financial risk management and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument defaults on its contractual obligations.

The Group's exposure to credit risk arises mainly from trade and other receivables. Cash which mainly comprised of cash managed by Accountant-General's Department under the Centralised Liquidity Management are placed with high credit quality financial institutions (and cash is made available to the Board upon request) while foreign currency deposits are placed with banks licensed under the Singapore Banking Act. For trade receivables, the Group has policies in place to ensure that customers maintain deposits with the Group.

The Group establishes an allowance account that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar financial assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Excessive risk concentration

There is no concentration of credit risk relating to trade receivables due to the large customer base.

Exposure to credit risk

The gross carrying amounts of these financial assets recorded in the financial statements represent the Group's maximum exposure to credit risk.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9 to the financial statements.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates mainly to the cash with AGD which refers to cash managed by the Accountant-General's Department under the Centralised Liquidity Management as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries. The interest rates for cash with AGD are based on deposit rates determined by the financial institutions with which the deposits are placed and are expected to move in tandem with market interest rate movements.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

28. Financial risk management and policies (cont'd)

(b) *Interest rate risk (cont'd)*

The Board's borrowings are limited to fixed rate bonds and accordingly, the Board is not exposed to fluctuations in interest rates. The carrying amounts and effective interest rates of investments in fixed deposits, categorised by the earlier of contractual repricing or maturity dates, are as follows:

			Group		
	Note	Effective interest rate per annum		Carrying amount	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		%	%	S\$'000	S\$'000
Fixed rate instruments					
Fixed deposits	12	3.25	3.40	9,220	7,452
Variable rate instruments					
Cash (include cash with AGD)	12	1.37	1.26	674,081	823,094
				683,301	830,546
			Board		
	Note	Effective interest rate per annum		Carrying amount	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		%	%	S\$'000	S\$'000
Fixed rate instruments					
Fixed deposits	12	3.25	3.40	9,220	7,452
Variable rate instruments					
Cash (include cash with AGD)	12	1.37	1.26	671,761	821,636
				680,981	829,088

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

28. Financial risk management and policies (cont'd)

(b) *Interest rate risk (cont'd)*

Sensitivity analysis

An increase of 50 basis point ("bps") in the interest rates at the reporting date would have increased the net income (after government grants before contribution to government consolidated fund and taxation) by the amounts shown below:

	Group		Board	
	Increase 31 March 2017 S\$'000	Increase 31 March 2016 S\$'000	Increase 31 March 2017 S\$'000	Increase 31 March 2016 S\$'000
Variable rate instruments				
Cash (include cash with AGD)	3,370	4,116	3,359	4,108

A weakening of 50 bps interest rate against the above cash balances (include cash with AGD) at the reporting date would have had the same but opposite effect on the net income (after government grants before contribution to government consolidated fund and taxation). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(c) *Foreign currency risk*

The Group's exposure to foreign currency risk arises from its foreign currency contracts for purchase of goods and services and its operations in Malaysia. The Group hedges its foreign exchange risk exposure on major contracts.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

28. Financial risk management and policies (cont'd)

(c) *Foreign currency risk (cont'd)*

The exposures to foreign currencies at the reporting date are as follows:

	Group			Board		
	31 March 2017		31 March 2016	31 March 2017		31 March 2016
	US dollars \$'000	Malaysia ringgit \$'000	US dollars \$'000	US dollars \$'000	Malaysia ringgit \$'000	US dollars \$'000
Trade and other receivables	-	378	-	-	378	589
Cash	17	10,217	17	-	10,217	8,447
Trade and other payables	(32)	(811)	(141)	(32)	(811)	(1,234)
Net currency exposure	(15)	9,784	(124)	(32)	9,784	7,802

28. Financial risk management and policies (cont'd)

(c) *Foreign currency risk (cont'd)**Sensitivity analysis*

A 5% strengthening of the Singapore dollar, against the foreign currency exposure at the reporting date would have increased/(decreased) the net income (after government grants before contribution to government consolidated fund and taxation) by the amounts shown below:

	Group		Board	
	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Currency				
US dollars	1	6	2	7
Malaysian ringgit	(489)	(390)	(489)	(390)

A 5% weakening of the Singapore dollar against the above currency at the reporting date would have had the same but opposite effect on the net income (after government grants before contribution to government consolidated fund and taxation), assuming all other variables remain constant. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

(d) *Liquidity risk*

Liquidity risk refers to the Group's ability to meet its financial obligations as and when they fall due.

The Group's exposure to liquidity risk is minimal as it adopts prudent liquidity risk management by regularly reviewing its cash flow needs, maintaining sufficient cash from its internally generated cash flow and putting in place adequate financing arrangements.

The cash flow needs in respect of operation, maintenance and construction of Government assets or projects approved and funded by the Government are based on forecasted payment schedule.

Public Utilities Board and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2017

28. Financial risk management and policies (cont'd)

(d) *Liquidity risk (cont'd)*

The following are the contractual undiscounted cash flows of financial liabilities, including interest payments:

		Group				
	Note	Carrying amount S\$'000	Contractual cash flows S\$'000	Within 1 year S\$'000	Between 1 and 5 years S\$'000	More than 5 years S\$'000
31 March 2017						
Trade and other payables	15	220,981	220,981	220,981	—	—
Accruals	16	156,773	156,773	156,773	—	—
Finance lease payables	17	658,882	1,010,678	63,976	256,080	690,622
Borrowings	19	1,400,000	1,637,895	49,068	825,358	763,469
		2,436,636	3,026,327	490,798	1,081,438	1,454,091
31 March 2016						
Trade and other payables	15	174,481	174,481	174,481	—	—
Accruals	16	148,342	148,342	148,342	—	—
Finance lease payables	17	512,793	790,674	52,539	210,065	528,070
Borrowings	19	1,650,000	1,941,239	303,344	851,518	786,377
		2,485,616	3,054,736	678,706	1,061,583	1,314,447
		Board				
		Carrying amount S\$'000	Contractual cash flows S\$'000	Within 1 year S\$'000	Between 1 and 5 years S\$'000	More than 5 years S\$'000
31 March 2017						
Trade and other payables	15	219,513	219,513	219,513	—	—
Accruals	16	156,773	156,773	156,773	—	—
Finance lease payables	17	658,882	1,010,678	63,976	256,080	690,622
Borrowings	19	1,400,000	1,637,895	49,068	825,358	763,469
		2,435,168	3,024,859	489,330	1,081,438	1,454,091
31 March 2016						
Trade and other payables	15	174,190	174,190	174,190	—	—
Accruals	16	148,342	148,342	148,342	—	—
Finance lease payables	17	512,793	790,674	52,539	210,065	528,070
Borrowings	19	1,650,000	1,941,239	303,344	851,518	786,377
		2,485,325	3,054,445	678,415	1,061,583	1,314,447

29. Capital management

The Group's policy is to ensure that it maintains sufficient capital to carry out its statutory functions. To achieve this, the Group reviews its sufficiency of capital as appropriate, taking into consideration its capital expenditure needs, government policies, regulatory requirements and its ability to access capital markets. The Group defines capital as its share capital, retained earnings, capital reserves and borrowings.

There were no changes in the Group's approach to capital management during the financial years ended 31 March 2017 and 31 March 2016. The Group is not subject to any externally imposed capital requirements.

30. Segment reporting

The Group has only one reportable operating segment as it operates in the water industry as one business segment in the provision of water and related facilities for the public and majority of its activities are located in Singapore. The reportable segment is reviewed regularly by the chief operating decision maker.

31. Authorisation of financial statements

The financial statements were authorised for issue by the Board on 5 July 2017.