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NEWS RELEASE

SGX Announces FY2002 Half Year Results; Interim Dividend Declared

Singapore Exchange Limited (SGX) today announced its half year results and dividend for fiscal year 2002.

SGX recorded total operating revenue of S\$102.7m and operating expenses of S\$76.3m for the half year ended 31 December 2001. Net profit after tax and minority interests for the period amounted to S\$21.7m.

SGX's securities market and derivatives market generated operating revenue of S\$67.8m and S\$28.8m respectively, while S\$6.1m of operating revenue was generated from other operations. The results for the period include a provision of S\$7.0 million for estimated surplus leased premises as a result of the relocation to SGX Centre. In the previous period, the exceptional item was related to the liquidation of our equity portfolio.

SGX's Board of Directors also declared an interim gross dividend of 3 cents per share for the half year ended 31 December 2001, payable on 27 March 2002. The dividend is in line with the interim dividend for fiscal year 2001.

SGX CEO, Thomas Kloet said, "We are encouraged by the interim results in view of the global economic slowdown. During the period, we have implemented several significant strategic initiatives that further enhance the price discovery, clearing and settlement services in our securities and derivatives markets. We will continue to focus our energies on our core businesses and the pursuit of new opportunities to add value for our customers, market participants and shareholders."

Highlights of Interim Results – 1 July to 31 December 2001

S\$m	1H FY2002	1H FY2001
Operating revenue	102.7	108.7
Operating expenses	(76.3)	(70.5)
Operating profit	26.4	38.2
Non-operating revenue	11.6	11.1
Exceptional items	(7.0)	(20.5)
Profit before tax and minority interests	31.0	28.8
Tax	(10.7)	(10.0)
Minority interests	1.4	-
Net profit/(loss) after tax attributable to shareholders	21.7	18.8
Basic earnings per share	2.17 cents	2.48 cents
Interim gross dividend per share	3 cents	3 cents

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(For complete unaudited half year financial statement and dividend announcement, please refer to MASNET Filing).

Notes

Securities Market Initiatives

In our efforts to continuously grow the securities market, we plan to broaden our membership base by attracting new international members. We intend to market our membership to securities houses on a regional as well as global basis. In addition, we are looking at increasing the number of classes of membership in our market divisions. We are currently reviewing the possibility of introducing a trading-only membership.

To ensure that our listing requirements suit market needs and practices, we have conducted a comprehensive review of our listing manual, and have completed

the public consultation process. The proposed amendments have been submitted to the relevant authorities for approval.

Recognising the importance of maximising shareholder value, we regularly review our fee structure to ensure our competitiveness in the global market. We currently charge a single fee for clearing, settlement and custody services, and for acting as central counter-party to all securities transactions executed on the Exchange, subject to a fee cap. A number of other markets charge separate fees for various services making comparisons complex. As a result of our recently completed review of fees, the fee cap was raised from \$100 to \$200 effective 1 December 2001. We expect this change to increase gross revenue by between two and seven percent per year, depending upon market conditions.

To boost the competitiveness and attractiveness of the local market, we have been undertaking the following projects:

- **SGXAccess**

On 29 March 2001, we launched SGXAccess, an open interface for securities trading which provides for wider and more direct distribution of products. SGXAccess uses a widely accepted international protocol (FIX 4.2) and allows brokers to differentiate their products to clients.

Eight members have already adopted SGXAccess, and we continue to market SGXAccess to other member companies, on-line brokers and potential overseas brokers and traders.

- **Exchange Traded Funds (ETFs)**

ETFs are indexed funds or baskets of stocks that trade in the same way as individual stocks. Further to the 5 ETFs launched in May 2001, we are now working closely with State Street Global Advisors (SSgA) on the development and marketing of an ETF based on the Straits Times Index (STI). SSgA has applied for the listing of STI Tracker on SGX-ST and has received approval. We expect to launch the local STI ETF in the first quarter of 2002.

- ***Securities Borrowing and Lending***

The SGX Securities Lending programme was officially launched on 7 January 2002 and to date, we have built a lending pool with more than 1,000 participants registering to lend about 470 million shares involving 188 eligible securities valued above \$800 million in total.

This facility provides investors with additional income opportunities, improves investment and hedging opportunities for market participants and will help pave the way for the development of an active equity options market.

In the next phase which is targeted for mid 2002, we will develop strategic lending as a complementary facility, whereby the loan tenure, borrowing and lending rates will not be pre-determined but negotiable based on demand and supply.

- ***Straight Through Processing***

We are developing an open settlement infrastructure that will allow member companies to connect their own settlement and risk management systems to the CDP settlement system, and facilitate Straight Through Processing (STP) to improve market efficiency. STP, which automates trade processing from order entry to settlement and custody, will reduce operating costs and lower the risk for market participants in securities settlement.

We have completed the first phase of our STP initiative, which comprises the design of business and technical architecture. The Industry Working Group, representing the interests of various sectors of the industry, is reviewing the business case report, which is expected to be issued to the industry in the first quarter of 2002.

- ***Cross Border Linkage Infrastructure***

The ASX-SGX co-trading linkage, the first such facility in the world, was officially launched on 20 December 2001. This electronic linkage allows brokers at each exchange to transmit orders through their existing trading terminals directly into the electronic trading system of the other exchange for execution. Information necessary for clearing and settlement is also provided.

This facility is intended to increase the liquidity of the securities included. The linkage may also serve as a model for regional co-operation to enhance our market reach, liquidity and product range to meet the needs of investors.

- ***Strategic Alliance With Tokyo Stock Exchange***

On 1 October 2001, SGX and Tokyo Stock Exchange (TSE) announced plans to pursue a strategic alliance with the aim of broadening distribution and enhancing the liquidity of products traded on both markets.

The two exchanges are exploring initiatives relating to cross access arrangements for the co-trading and clearing of products listed on both exchanges, new product development, marketing, information technology development, and information sharing. The cross access arrangements will enhance members' access to each other's markets, and expand the range of financial instruments available to participants in both markets.

- ***Real-time Market Data Feed***

To add value for our customers and end users, we are developing a multi-level data feed dissemination system. We expect to finalize the product details during the first half of 2002, and embark on a marketing programme on this new service thereafter.

Derivatives Market Initiatives

Following are highlights of major projects:

- ***Global Access to SGX-DT Electronic Trading System (ETS)***

We have been actively working with independent software vendors (ISVs) and Corporate Members to develop direct interfaces to the ETS. SGX-DT products on ETS can then be accessed directly through such ISVs/proprietary front-ends globally through internet and other leased or private network lines. Several ISVs and member companies are already successfully connected to the ETS from several major overseas markets.

- ***Palm/Pocket PC Access to Derivatives Trading***

The ETS has been accessible globally from palm/pocket PCs since 26 October 2001. The SGX derivatives contracts which can be traded via palm/pocket PCs include Euroyen Futures, Japanese Government Bond Futures, Nikkei 225 Futures, Nikkei 300 Futures, MSCI Taiwan Index Futures, MSCI Singapore Index Futures, Straits Times Index Futures, S&P CNX NIFTY Index Futures, 5-year Singapore Government Bond futures and Single Stock Futures.

- ***Singapore Dollar Interest Rate Futures and Nikkei 225 Options Contracts***

Singapore Dollar Interest Rate Futures (SD) and Nikkei 225 Options contracts were made available for trading via the ETS with effect from 23 November 2001 and 27 August 2001 respectively. SGX members, traders and customers may therefore trade these two contracts electronically through ETS terminals, terminals provided by independent software vendors, or palm/pocket PCs.

- **Single Stock Futures**

Single Stock Futures (SSFs) based on 15 selected stocks listed on SGX-ST were launched on 26 October 2001. They can be traded electronically through ETS terminals and SESOPS terminals. SSFs based on major stocks listed in the key regional, European and US stock markets will be listed at a later stage. These instruments will increase arbitrage opportunities and market liquidity.

The introduction of SSFs represents a true synergy of our securities and derivatives markets, and we expect to see increased inter-market trading and hedging activities involving the two markets.

We continue to conduct extensive marketing and education programme on this new product and have received excellent responses to our SSFs seminars.

IT Solutions (SGX-ITS) Initiatives

- **Securities Processing & Settlement Outsourcing Services – Asia Converge Pte Ltd (previously known as “Megatrex Trading Pte Ltd”)**

On 27 March 2001, SGX-ITS signed an agreement to form a joint venture company, Asia Converge Pte Ltd, with DBS Vickers Securities (Singapore) Pte Ltd and OCBC Securities Pte Ltd to provide securities processing and settlement outsourcing services.

This company expects to increase client brokers' operational efficiency and reduce transaction costs by providing technology (Application Service Provider, or ASP) and operational (Business Service Provider, or BSP) outsourcing services for securities processing. These services will cover the whole value chain of securities processing – from order entry to order management, trade enrichment, settlement, and custody, and will be offered on a modular basis.

We will also be developing a system which includes multi-market, multi-product, multi-currency and real time analysis capabilities. The solution will ultimately enable straight through processing for the entire chain of securities processes by integrating the front-end with the back-end of a securities transaction.

We have presented the product offering and indicative pricing to brokers, and three interested parties have signed non-binding Letters of Intent and Non-Disclosure Agreements.

In September 2001, SGX-ITS injected \$4.1 million into Asia Converge Pte Ltd and retained a 51% equity interest in it. The joint venture company was officially launched on 12 December 2001 and it now processes more than 20% of the securities markets transactions in Singapore.

In the meantime, ITS will continue to service its current customers on the on-line trading system, Vision Broker I, Vision Broker III and the Client Accounting System.

) **Technology and System Initiative**

- ***Consolidation of Trading and Clearing System***

We have issued Request for Information documents to external vendors to examine the feasibility of consolidating our technology operating systems.

This move is part of our broader strategic study currently being undertaken to review our technology plan, in support of our strategic vision of creating a fully integrated trading, clearing and settlement facility for both equities and derivatives products.

This is the first step towards exploring the available options for a technology infrastructure that will consolidate our various clearing and trading platforms, which will, in turn, allow us to maximize the synergies of SGX's integrated derivatives and securities markets.