

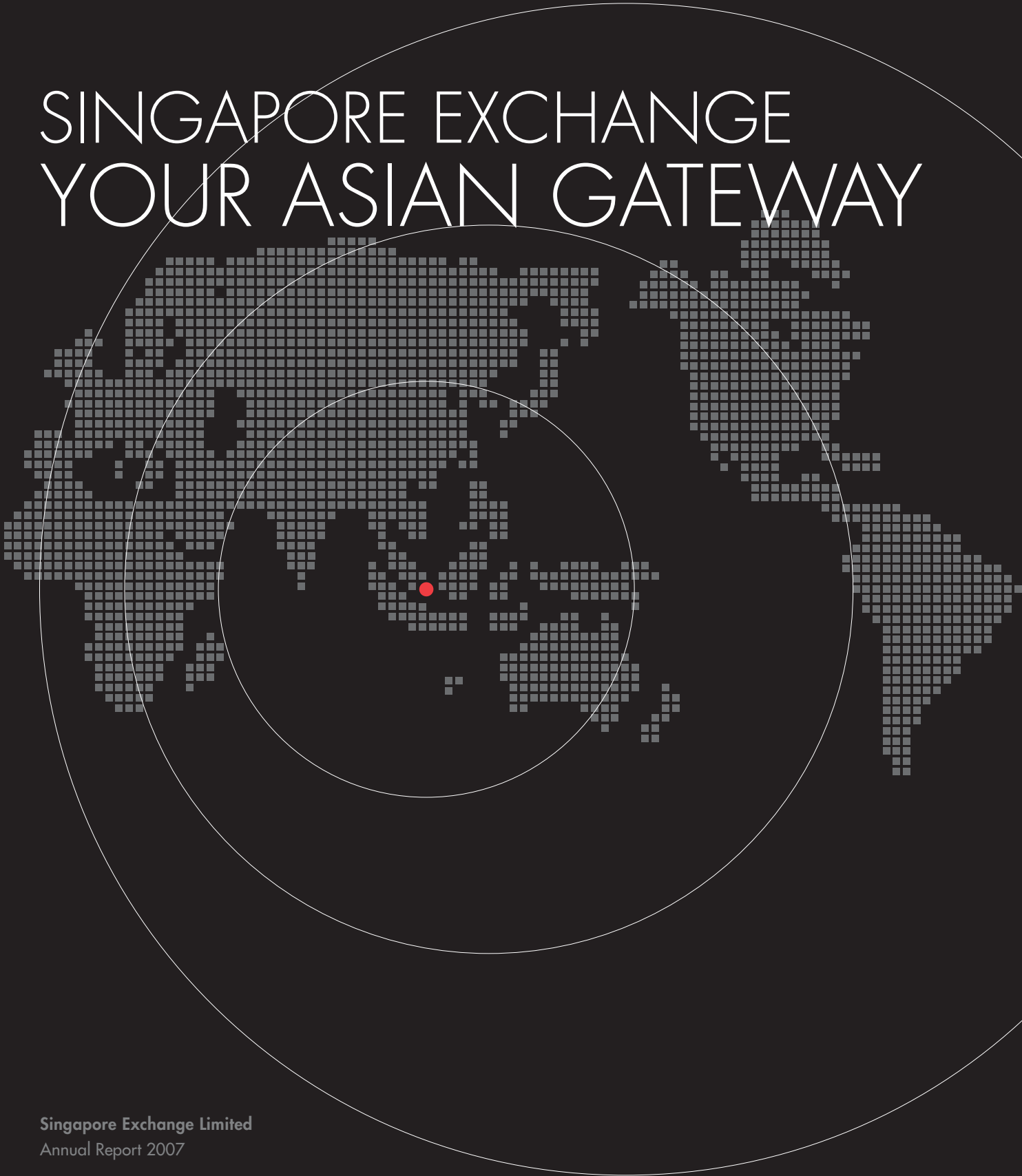
Building an enduring marketplace

SINGAPORE EXCHANGE LIMITED
Company Registration No. 199904940D

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SINGAPORE EXCHANGE YOUR ASIAN GATEWAY

Singapore Exchange Limited Annual Report 2007



Singapore – geographically a little red dot. But, with an economic footprint that has grown much larger to become a major destination and gateway for global investments in the region. In the same way, the Singapore Exchange (SGX) is rapidly growing both in size and significance by attracting international and local investors and listings. Singapore Exchange is your Asian Gateway.

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All figures in this Annual Report are in Singapore dollars unless otherwise stated.
FY2007 refers to the financial year ended 30 June 2007. The last day of trading in FY2007 was Friday, 29 June 2007.

OUR MISSION

We aim to offer a highly trusted securities and derivatives marketplace for capital raising, risk transfer, trading, clearing and settlement, and to serve our stakeholders.

OUR ROBUST PERFORMANCE

FY2007 was SGX's best year since listing in 2000 with robust growth in all revenue categories.

<div>Return on equity</div> <div>37.5%</div> <div>ROE improved to 37.5%* from 32.0%</div>	<div>Profit attributable to equity holders</div> <div>+125%</div> <div>Profit rose 125% to \$422 million</div>	<div>Revenue growth</div> <div>+41.4%</div> <div>Revenue grew 41.4% to \$576 million</div>
<div>Cost-to-income ratio</div> <div>36.6%</div> <div>Cost-to-income ratio improved 8.5 percentage points</div>	<div>Net dividend per share</div> <div>+122%</div> <div>Net dividend per share increased to 36.00 cents** from 16.20 cents</div>	<div>Basic earnings per share</div> <div>+122%</div> <div>Basic EPS increased to 39.95 cents from 17.96 cents</div>

* excludes write-back of allowance for impairment and gain on disposal of SGX Centre
** subject to shareholders' approval at the AGM

The key highlights above reflect year-on-year performance.

CORPORATE PROFILE

A truly international exchange, SGX offers companies and investors a comprehensive and efficient infrastructure for raising capital and achieving investment objectives.

ABOUT SINGAPORE EXCHANGE

Singapore Exchange Limited (SGX) is Asia’s first demutualised and integrated securities and derivatives exchange. We provide integrated clearing and settlement services, as well as central depository facilities.

SGX offers companies and investors a comprehensive and efficient infrastructure for raising capital and achieving investment objectives within a trusted, transparent and efficient marketplace.

Foreign companies from over 20 countries, some from as far as Europe and North America, are listed on our exchange. With over one-third of the companies listed on SGX from overseas, SGX is a truly international exchange and listing hub representing a full spectrum of industries. Through a growing suite of products, SGX is also rapidly emerging as Asia’s offshore risk management centre.

For an efficient and well-regulated marketplace, SGX has established a robust regulatory framework, founded on a disclosure-based regime.

Our competitive advantages, together with our strategic alliances and partnerships with other exchanges around the world, firmly position SGX as your Asian Gateway.

MILESTONES

1999

Formation of SGX on 1 December 1999, following the merger of the Stock Exchange of Singapore and the Singapore International Monetary Exchange

2000

First exchange in the Asia-Pacific region to be listed via a public offer and a private placement. The SGX stock is a component of the benchmark MSCI Singapore Free Index and the Straits Times Index

2001

Introduction of SMARTS, a real-time market surveillance system

2002

Launch of the first local Exchange Traded Fund, the Straits Times Index Fund, and the first listed business and industry property Real Estate Investment Trusts (REITs)

2003

Development of the SGX Quotation and Execution System for Trading (SGX QUEST), the world’s first integrated trading engine for our securities and derivatives markets

2004

Extended our reach to existing and new derivatives customers around the world following the launch of QUEST DT

2005

Partnership with the Chicago Board of Trade (CBOT) to form the Joint Asian Derivatives Exchange (JADE), an electronic commodity derivatives market

Launch of our FTSE/ASEAN Indices in partnership with the FTSE Group, Bursa Malaysia, Jakarta Stock Exchange, Philippine Stock Exchange and Stock Exchange of Thailand

2006

Launch of SGX AsiaClear®, our over-the-counter clearing facility for oil and freight derivatives

2007

Acquired a 5% stake in Bombay Stock Exchange

PRODUCTS AND SERVICES

SGX offers a diverse and exciting suite of securities and derivatives products via a global network of broking members. They provide market participants with convenient access to these products through an array of distribution channels.

Our securities products, traded on an electronic screen-based system, include:

- Bonds, Debentures and Loan Stocks
- Business Trusts
- Equities
- Exchange Traded Funds (ETFs)
- Global Depository Receipts (GDRs)
- Infrastructure Funds
- Real Estate Investment Trusts (REITs)
- Warrants

Our derivatives products consist of a wide range of international risk management and trading instruments. The products, traded electronically, include:

- Short-Term Interest Rate Futures and Options on Futures
- Long-Term Interest Rate Futures and Options on Futures
- Equity Index Futures and Options on Futures
- Structured Warrants
- Certificates

SGX operates an over-the-counter clearing facility, SGX AsiaClear®, for the clearing of oil and freight derivatives. We are also in a joint venture with CBOT, Joint Asian Derivatives Exchange (JADE), that now trades and clears TSR 20 Rubber and Crude Palm Oil contracts.

We also offer a wide range of data and information services providing both historical and “live” data and prices to our customers, including:

- SGX SecuritiesBook
- SGX DerivativesQuote
- SGX News
- Orders and Trade Data
- Mobile Data Services
- Listed Companies Data
- Historical Market Data
- Publications

HIGHLIGHTS OF THE YEAR

FY2007 saw SGX developing and launching innovative products, forging closer ties with overseas exchanges, and celebrating new milestones and awards.

24 July 2006

Announced the listing of the first China "A" share index futures (FTSE/Xinhua China A50 Index)

29 July 2006

Annual Investor Relations Open Day

8 August 2006

Launched the first online securities investment challenge – StockWhiz

22 August 2006

The SGX gateway became Trading Technologies International Inc's first connection to the Asian markets

28 August 2006

SGX AsiaClear® introduced the clearing of over-the-counter (OTC) Balance-of-Month Fuel Oil swaps

11 September 2006

Launched the new futures trading rulebook and clearing rules to meet new market initiatives

21 September 2006

Listed the world's first ASEAN Exchange Traded Fund (ETF), FTSE/ASEAN 40 ETF

25 September 2006

Joint Asian Derivatives Exchange (JADE) began trading TSR 20 Rubber futures contract

5 October 2006

Listed Asia's first gold-backed ETF, streetTRACKS® Gold Shares

30 October 2006

Renewed the landmark Mutual Offset System Agreement with Chicago Mercantile Exchange

10 November 2006

Raised a record amount of \$2.9 million at The Bull Run® 2006, the third annual charity fun run in the Central Business District

20 November 2006

Announced the listing of US dollar-denominated Nikkei 225 futures contract

22 November 2006

Signed MOU with Korea Exchange

23 November 2006

Celebrated 20th Anniversary of Nikkei 225 futures contract

6 December 2006

Extended trading hours for derivatives market

14 December 2006

Forged closer collaboration with Tokyo Stock Exchange

11 January 2007

Lowered securities transaction costs to improve overall market competitiveness, and enhance market liquidity

18 January 2007

Listed Asia's first commodity index ETF, Lyxor ETF Commodities CRB (Commodity Research Bureau)

24 January 2007

Signed agreement with OMX to develop new data feed system

30 January 2007

Signed MOU with Abu Dhabi Securities Market

31 January 2007

Announced the clearing of OTC Balance-of-Month Gasoil Swaps Contracts by SGX AsiaClear®

27 February 2007

Signed MOU with Ho Chi Minh City Securities Trading Center

7 March 2007

Announced agreement to invest in a 5% stake in Bombay Stock Exchange

12 March 2007

Announced the sale of our interest in SGX Centre

14 March 2007

Senior Adviser, Ang Swee Tian, became the first from an Asian exchange to be inducted into the Futures Industry Association (FIA) Futures Hall of Fame

2 April 2007

Signed MOU with Hanoi Securities Trading Center

10 April 2007

Listed the first Global Depository Receipt (GDR), Uttam Galva Steels Limited

29 May 2007

Announced the transfer of oversight of corporate governance for listed companies from the Council of Corporate Disclosure and Governance to the Monetary Authority of Singapore and SGX

5 June 2007

Signed Cooperation Agreement with Singapore Press Holdings (SPH) and FTSE Group to develop a comprehensive suite of equity indices for the Singapore market

6 June 2007

SGX AsiaClear® exceeded US\$1.2 billion in value of trades cleared

15 June 2007

Tokyo Stock Exchange acquired a 4.99% stake in SGX

20 June 2007

Received the Exchange of the Year, Asia 2007 Award from Energy Risk magazine, in recognition of contribution by SGX AsiaClear® to the OTC energy derivatives market

GROUP FINANCIAL HIGHLIGHTS

	Financial Year (FY)		
	2007	2006	2005 ¹
For the year (\$million)			
Operating revenue	576	408	275
Operating expenses	211	184	143
EBITDA ²	509	251	150
Operating profit	365	224	132
Other gains/(losses)	128	13	3
Profit attributable to equity holders			
– before write-back of allowance for impairment and gain on disposal ³	311	188	104
– after write-back of allowance for impairment and gain on disposal	422	188	104
Operating cash flow	355	227	101
At year-end (\$million)			
Net current assets	684	358	247
Total assets	1,851	957	1,029
Total liabilities	1,021	370	554
Shareholders' funds ⁴			
– Share capital	399	378	10
– Share premium	–	–	353
– Reserves	431	209	111
Shares issued (million)	1,061	1,050	1,042
For the year (%)			
Revenue growth	41.4	48.4	(13.1)
Operating profit margin	63.4	54.9	47.9
Net profit margin ³	52.5	44.6	37.6
Cost-to-income ratio	36.6	45.1	52.1
Return on equity ³	37.5	32.0	22.0
Per share data			
Operating cash flow (cents)	33.41	21.64	9.67
Basic earnings per ordinary share (cents)			
– before write-back of allowance for impairment and gain on disposal ³	29.48	17.96	10.09
– after write-back of allowance for impairment and gain on disposal	39.95	17.96	10.09
Net tangible assets (cents)	78.23	55.89	45.54
Net dividend (cents):			
(a) Base	8.00	6.00	6.00
(b) Variable	28.00	10.20	2.50
(c) Special	–	–	15.00
Average share price (\$)	5.83	3.12	1.85
Share price at financial year-end (\$)	9.80	3.52	2.11

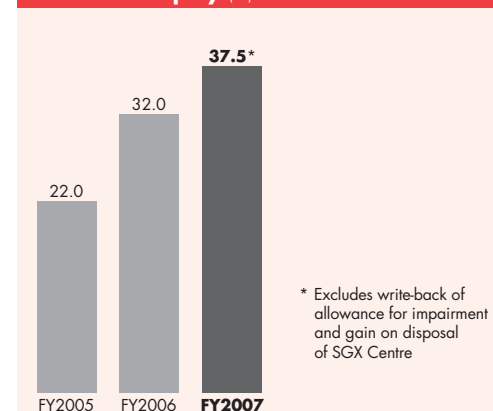
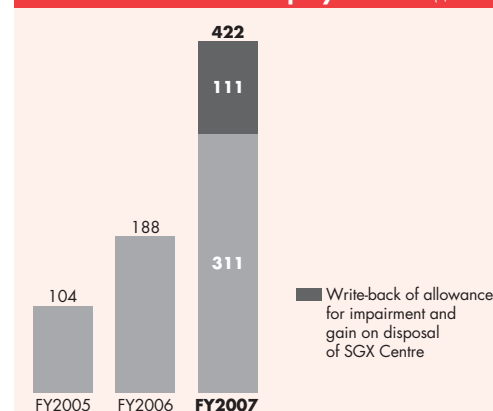
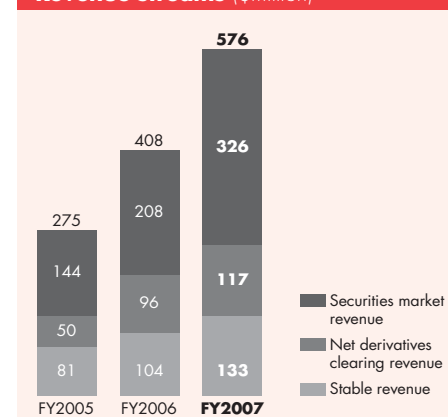
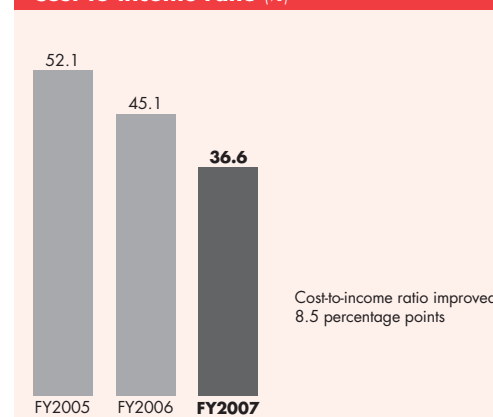
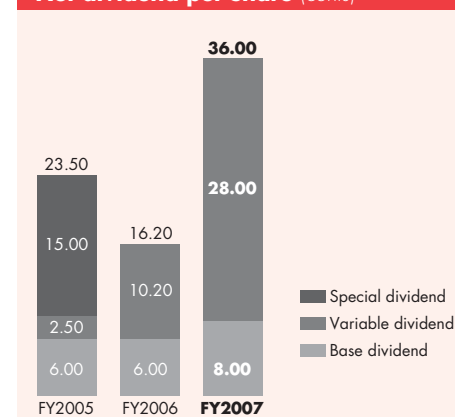
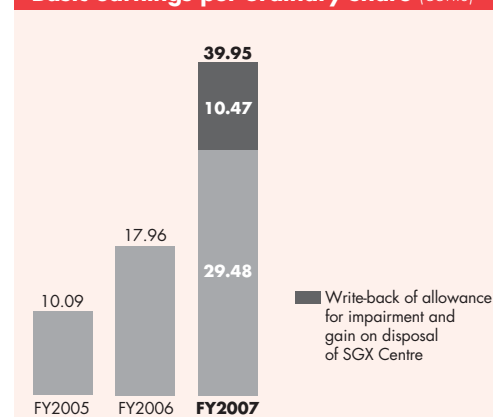
Notes:

¹ FY2005 figures have been re-stated to reflect the Employee Share Option Plan expenses following the adoption of FRS 102.

² Refers to earnings before interest, tax, depreciation and amortisation.

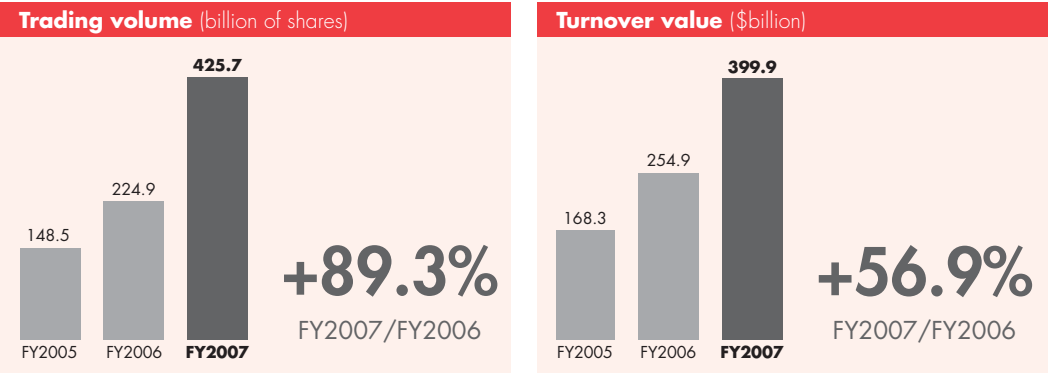
³ Excludes \$45 million write-back of allowance for impairment of SGX Centre and \$65.5 million gain on disposal of SGX Centre in FY2007, which are not subject to tax.

⁴ Under the Companies (Amendment) Act 2005 effective 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as of 30 January 2006 became part of the Company's share capital.

Return on equity (%)**Profit attributable to equity holders (\$million)****Revenue streams (\$million)****Cost-to-income ratio (%)****Net dividend per share (cents)****Basic earnings per ordinary share (cents)**

PERFORMANCE HIGHLIGHTS

SECURITIES MARKET



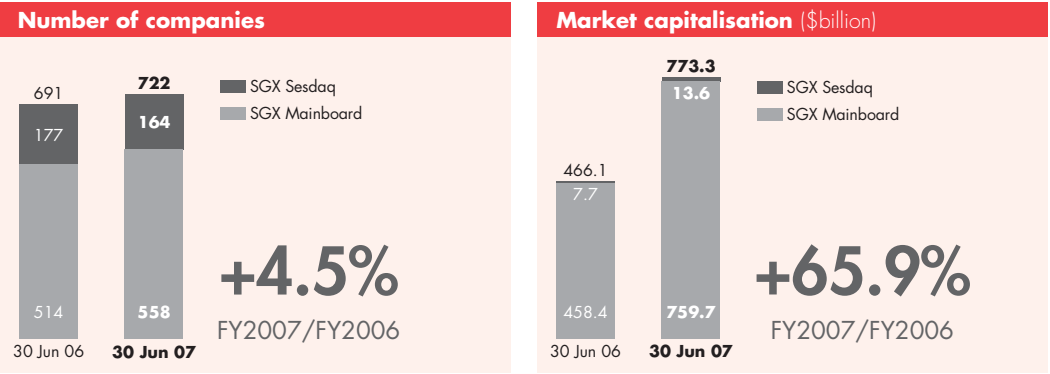
Accounts held with The Central Depository (Pte) Limited
(as at 30 June 2007)

Number of accounts : 1.34 million
Number of shares in accounts : 472.6 billion
Value of shares in accounts : \$715.8 billion

New listings in FY2007

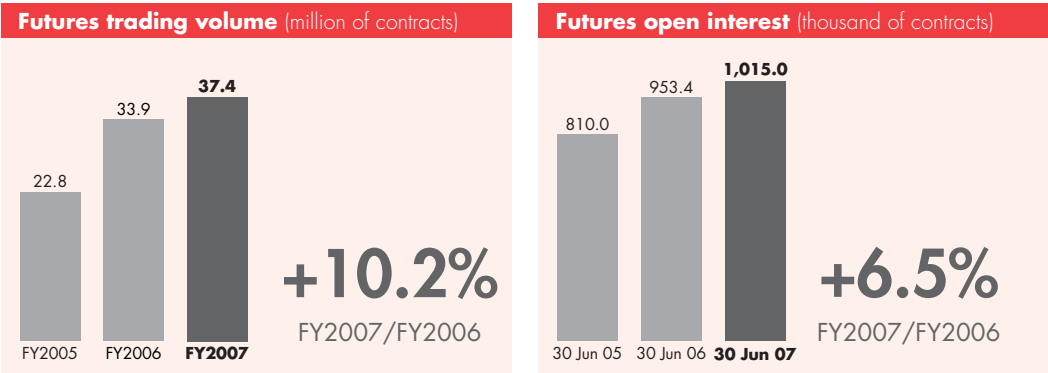
Number : 46
Amount raised : \$6.5 billion

Listed companies and their market capitalisation¹

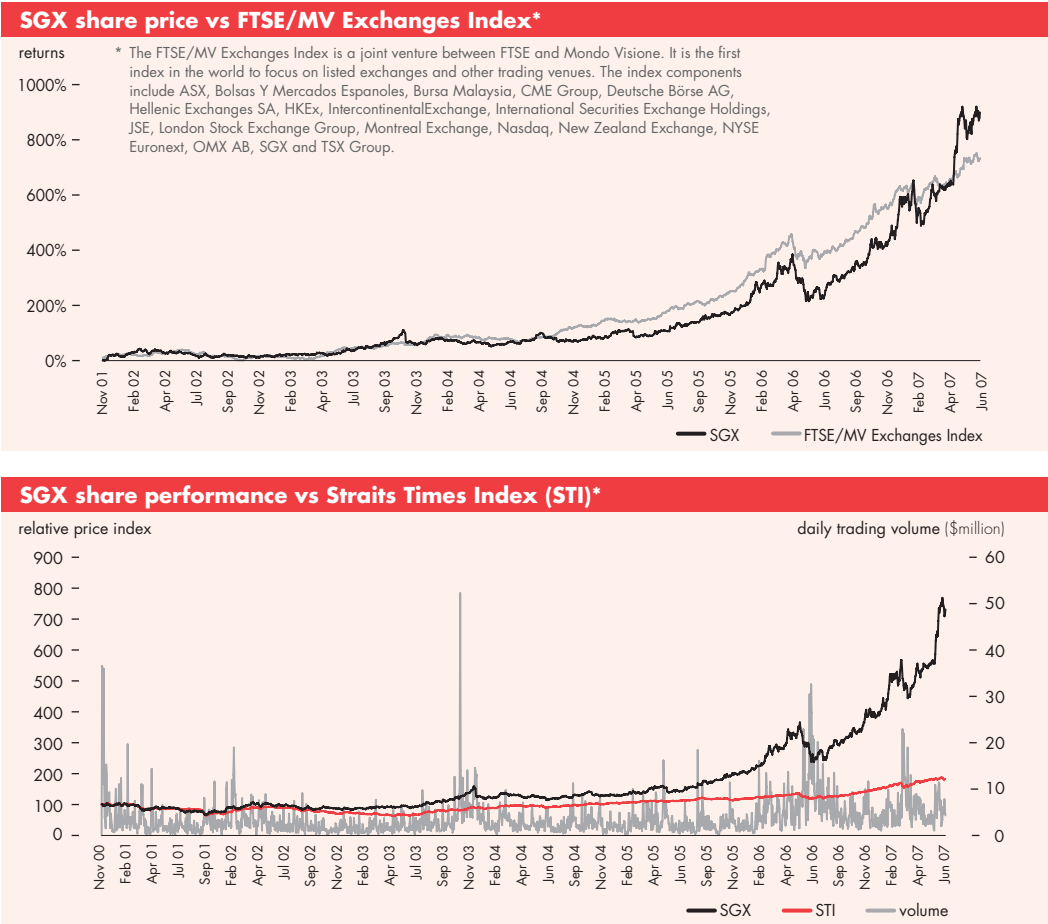


¹ SGX has a substantial number of foreign listings, defined as companies whose principal places of business are outside of Singapore. We have excluded inactive secondary foreign listings to give an accurate reflection of our market size.

DERIVATIVES MARKET



SGX SHARE PERFORMANCE



* review period: 23 November 2000 to 29 June 2007

CHAIRMAN'S STATEMENT

“SGX, like any other prudent entity, has to try to be prepared for, if you like, the known unknowns and the unknown unknowns.”

A GOOD YEAR

SGX has enjoyed a bountiful year, on the back of robust activity in the securities market. The daily average volume of securities trading was 1.7 billion units, up 89% from last year, while average trading value was \$1.6 billion a day, up 57%.

The reasons for the good performance are not difficult to discern. Quite vigorous economic growth in Singapore and globally, coupled with abundant liquidity, strong corporate performance, benign inflation, and low interest rates and risk premiums, are the root causes of the buoyancy of our market, in common with most global markets. The relentless drive by SGX to broaden the appeal of our markets is an added factor.

How long those serendipitous conditions will prevail is unknown. The global outlook continues to bid fair for the ensuing year, the major risk largely coming from identifiable as well as unanticipated shocks of low probability and, of course, indeterminate timing. So SGX, like any other prudent entity, has to try to be prepared for, if you like, the known unknowns and the unknown unknowns.

The situation in the derivatives market was less assured. Growth in futures trading volumes slowed to 10%, from growth of 49% in FY2006. Perhaps the very environmental conditions that fuelled the securities market restrained growth in derivatives. A benign

economic environment with low volatility may have dampened the enthusiasm for hedging and speculation.

Revenue for the year increased 41% to \$576 million, while profit rose 125% to \$422 million.

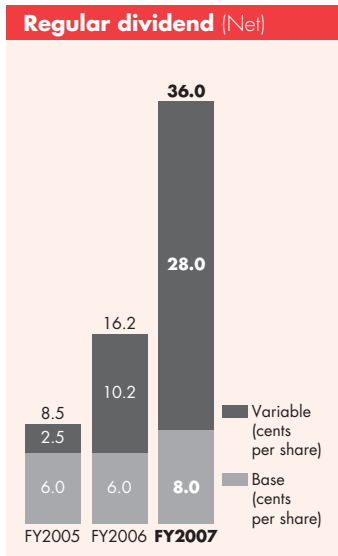
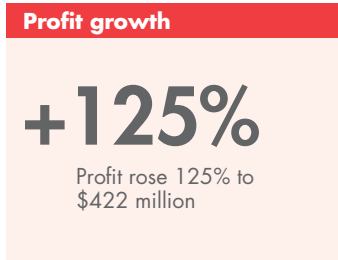
DISPOSAL OF BUILDING

In keeping with the prevailing spirit of the times to go asset-light, SGX sold its premises on Shenton Way for net proceeds of \$266 million, a significant appreciation from the carrying amount of \$201 million. A sizeable slice of the proceeds will be deployed in augmenting our clearing funds and regulatory capital, and part will be available for business expansion. There is a reasonable sum remaining for distribution to shareholders.

ALLIANCES

SGX continued its path of forging alliances with like-minded, open exchanges. Several collaboration agreements and memoranda of understanding were signed with exchanges in Asia and beyond. The purpose of all this activity was not just to create photo-opportunities. Rather, the expectation is that we shall be able to work cooperatively on joint and meaningful projects that result in significant mutual benefits.

Those alliances may be underpinned by selective and modest outward or inbound investments. Thus, we took a 5% stake in the Bombay Stock Exchange in May 2007, while the Tokyo Stock Exchange invested 4.99% in SGX in June 2007. With the Chicago Board of Trade, we have a joint venture JADE, for commodity derivatives. Those deals are designed principally to expand our product range and market reach. They will foster the design and implementation of projects that transcend national boundaries. Regulators will have to keep pace with the demands of an increasingly seamless global marketplace.



DEVELOPING A ROBUST ORGANISATION

SGX keeps improving from year to year, thanks to the prudent monitoring, leadership and encouragement of the board, the diligent efforts of the CEO and his senior managers, and the harmonious participation of all the employees. The executive committee is at the apex of a professional management team, able to hold its own among the best exchanges in Asia and the world.

MISSION STATEMENT

We have laboured under a wordy mission statement for too long. The role of a mission statement is to crisply express the purpose of an organisation. It explains why the entity exists, and describes in realistic terms the aspirations of the board, management, and staff.

So, early in the year, management conducted a bottom-up exercise to redraft the statement. The draft rose through the layers of the organisation to the board, which eventually signed off on it.

The statement now reads as follows: “We aim to offer a highly trusted securities and derivatives marketplace for capital raising, risk transfer, trading, clearing and settlement, and to serve our stakeholders.”

The statement should be of value to all our stakeholders, particularly our employees, who will be encouraged to understand and embrace it, and to strive to fulfil it.

DIVIDENDS

The company’s policy remains to declare a minimum dividend of 80% of net profit, subject to a minimum of 2.0 cents per quarter. This year, directors propose, subject to shareholders’ approval, to pay a total dividend for the year of 36.0 cents per share, compared to 16.2 cents in the previous year. The payout accounts

for 90.4% of NPAT. The dividend for the final quarter is 30.0 cents, as 2.0 cents have been paid for each of the first three quarters.

For financial year 2008, the directors aim to declare a base dividend of 3.0 cents per share every quarter, in tandem with the improved sustainable earnings level of the company.

ACKNOWLEDGEMENT

One director, Mr Tang Wee Loke, is leaving us this year, after serving for nearly five years. I thank him for his sound advice during his service on the board, particularly on the important nexus between the exchange and the brokerage community.

A change of guard in the audit committee took place on 27 July 2007. Mr Ho Tian Yee, who had served diligently and effectively as chairman since the inception of SGX in 1999, asked to be relieved. The nominating committee reluctantly agreed. I thank Tian Yee for his outstanding service. His replacement is Mr Lee Hsien Yang, who I am confident will prove a worthy successor. Hsien Yang has served on the audit committee since 20 January 2005.

I thank my fellow directors on the board for their unstinting cooperation and astute steering of the company. I particularly acknowledge the excellent work of the chairmen and members of the five board committees.

On behalf of all the directors, I express deep gratitude to the CEO and all employees for their work ethic and contributions during the year.


J Y Pillay
Chairman
27 July 2007

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

“2007 has been a rewarding year. Our results and developments showed steady progress and continued strengthening of SGX as an Asian Gateway exchange.”

Competition is now upon us. The majority of exchanges have become for-profit enterprises. Consolidation has gathered pace in the US and Europe, and resulted in a few combinations that portend global hubs. These hubs aim to converge trading liquidity onto a single platform that offers a spectrum of derivatives only or with both securities and derivatives products.

For those one or two hubs that are largely securities driven, there is intent to dominate fund-raising for international listings. Interestingly, many other exchanges which serve essentially domestic hinterlands have also proclaimed plans to pursue international listings.

As the new order takes shape, it is unclear whether liquidity for securities trading will aggregate in one venue for the plethora of listed companies from across the world. Except for global stocks, trading is more likely to remain geographically confined and time-zone bound. Market participants naturally have better access and accord greater mind-share to news and research closer to home. Hence, trading within the region or time zone will be more active than elsewhere even in a world of increasingly globalised financial markets.

In the Asian time zone, SGX continues to be well-positioned as a regional hub to capture

trade and information flows from the Indian sub-continent on one side, to China and Japan on the other. Besides, it thrives in a developed financial centre well attuned to the dynamics of international capital markets and in a regulatory framework grounded on an Anglo-Saxon legal system. Singapore as a fund management centre continues to grow strongly, with inflows of numerous regional and international fund managers including hedge funds. At SGX, whilst institutional funds are vital, vibrant retail liquidity is just as important to defend against the potential incursion of competing trading platforms.

2007 has been a rewarding year. Our results and developments, as outlined below, showed steady progress and continued strengthening of SGX as an Asian Gateway exchange.

LISTINGS PLATFORM

Our listing platform is now host to more foreign listing aspirants than domestic ones. This year, new foreign listings accounted for 70% of the total number of listings. Overall, foreign listings account for about one-third of our total market in terms of number and market capitalisation, and we expect this to enlarge further. The effort to diversify beyond China is bearing fruit as we listed more non-Chinese foreign companies for the first time. Amongst these are companies from Australia, Europe, Indonesia, Malaysia and the US.

The size of our listed companies has grown notably. We witnessed six listings (Initial Public Offers and Reverse Takeovers) each exceeding \$1 billion market capitalisation. In two years, the number of companies with market capitalisation above \$1 billion has doubled to 120 (40% are foreign), accounting for 85% of total market capitalisation. One fine example is Wilmar International,

a transnational company, which has grown from a \$2 billion Mid-Cap to become a \$20 billion Large-Cap within a year of listing.

Launch of the new board in the coming months will dovetail with our efforts to grow our listings franchise. SESDAQ will be transformed to become a sponsor-supervised board. We will position it against competitors like London's AIM market to be the Asian listings hub for regional high-growth companies.

NICHE LISTINGS AND PRODUCTS

Development of sector-focused themes in REITs (Real Estate Investment Trusts) as well as marine and shipping-related sectors continues to yield results. We expanded the market with an additional six REITs, and four marine and shipping-related companies. These include the largest China REIT, the first REIT in healthcare, two shipping business trusts from Europe and one of China's largest shipbuilders. Market capitalisation for REITs increased by 138% to reach \$29 billion, moving us closer to the market leader in Asia, Japan.

New products such as ETFs (Exchange Traded Funds) are at the early stage of development with small but encouraging trading volume. Since the launch of iShares MSCI India last June, we attracted another eight foreign ETFs providing commodities and regional equities exposure.

TRADING ACTIVITY

This year, turnover velocity for the securities market has increased steadily, averaging 74% in the last six months, compared to 58% last year. Additionally, the weight of Singapore in the MSCI World Index has increased to 0.53 from 0.38 two years ago, thus attracting higher asset allocation by institutional fund managers.

The litmus test for management is to raise structurally the level of trading activities on our exchange. Besides the growth in listings of larger companies, we also aim to improve market participation and efficiency. In the past year, the revision of securities clearing fees has encouraged more retail participation, which now accounts for 46% of the market in value compared to 39% two years ago. To further enhance market efficiency, we are also on track to implement a reduction in minimum bid schedule to lower cost of trading. In addition, we hope to attract an emerging segment of high velocity participants – algorithmic traders. These traders are prevalent in the US and Europe and are beginning to establish a strong presence in Asia.

RISK MANAGEMENT CENTRE

Our diversified suite of derivatives products has gained acceptance as a premier off-shore risk management centre. Our flagship futures products – the Nikkei 225, MSCI Taiwan and MSCI Singapore contracts – have achieved record volumes and open interest in the last 12 months. Nikkei 225 and MSCI Taiwan each accounts for a third of total futures revenue, and the remaining contracts and services make up the last one-third. Our strength currently lies in equity derivatives. Building up a fixed income suite still remains a challenge as our Euroyen contract has not turned out as well as we thought. Our joint venture with CBOT to offer commodities futures is still at its nascent stage of growth.

On the other hand, retail investors are embracing derivatives through the trading of structured warrants. Trading value climbed 49% to reach \$19 billion with nearly half of it traded by foreign retail investors.

Trading value for warrants on foreign underlying also tripled, now accounting for 35% of the total warrants market. Leveraging on the warrants platform, we introduced Certificates, the first to be launched in Asia, providing yet another type of instrument for trading.

POST-TRADE PROCESSING HUB

Efficient post-trade processing capabilities will strengthen our position as a hub for Asia and it is taking shape. The establishment of SGX AsiaClear® in May last year expanded the scope of our clearing business. As Asia’s first over-the-counter clearing service for oil swaps and forward freight agreements, this business has made good progress garnering over 120 counterparty accounts and exceeding US\$1.7 billion in value of trades cleared. Whilst growth has been exponential from a very small start, the contribution to revenue is still insignificant.

The past year was also devoted to the development of SGX Prime which is to allow direct connectivity into SGX’s back office systems. This should improve the operational efficiencies of our depository agents, broking firms and other intermediaries. We are now preparing for its launch in early 2008.

OPERATIONS AND TECHNOLOGY

The perennial priority is to continually improve the robustness of our business and technology infrastructure, so as to be nimble and expeditious in delivery. In line with developments in the marketplace, there is constant demand for new functionalities to support increased trading activities. For this year, we have secured industry-wide consensus for participants to work with GL Trade to develop a new Order Management System. This will replace our SESOPS

terminals for securities trading. A new data engine for derivatives information will be rolled out by the end of this year, and Quest ST, a new securities trading system, is slated for launch in mid-2008.

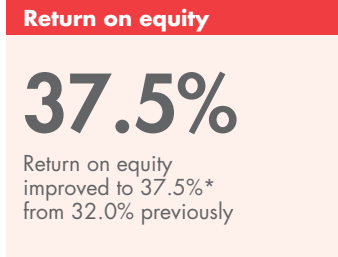
RISK MANAGEMENT AND REGULATION

In tandem with the development of our business, we place emphasis on enhancing our regulatory and risk management functions. This includes a regulatory review of several aspects of our trading and clearing rules, such as the management of failed trades for structured warrants, error trade policies for both securities and derivatives markets, as well as the listing rules and corporate governance practices. To cater for the growing derivatives market, we are augmenting the clearing fund through insurance, guarantees and capital resources.

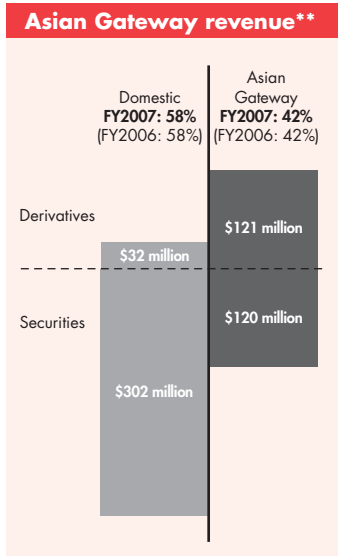
As a frontline regulator balancing commercial interests and regulatory objectives, we undertook a thorough independent assessment of our conflicts management framework as a Self-Regulatory Organisation (SRO) and implemented a company-wide SRO training programme on conflicts management.

ORGANISATIONAL DEVELOPMENT

In early 2007, a new organisational structure was put in place to better deliver business plans and strategies both from the front-end and back-end perspectives. The creation of the Post Trade Services and Retail Group serves to exploit opportunities in our back-office business and the retail segment. The senior management team has been strengthened with the appointment of one Senior Executive Vice President for Operations and Technology, and three Executive Vice Presidents for Listings, Human Resources, and Development.



* excludes write-back of allowance for impairment and gain on disposal of SGX Centre



** internal estimates

PARTNERSHIPS AND COLLABORATIONS

We do not foresee consolidation taking place within Asia in the near term. To enhance our position as a regional hub, we form partnerships and alliances to extend our product range and globalise our liquidity. To date, alliances are enhanced through strategic equity toeholds. In this endeavour, SGX has acquired a 5% stake in Bombay Stock Exchange and Tokyo Stock Exchange has taken a 4.99% stake in us. This should open up opportunities for business development in two important markets, India and Japan, placing us in good stead for long-term growth.

FINANCIAL PERFORMANCE

SGX saw the best year since our listing in 2000. All revenue categories performed better than in the year before – securities market revenue (up 56%), derivatives market revenue (up 22%) and stable revenue (up 29%).

Our Asian Gateway revenue continues to grow in tandem with the increase in our domestic market. More significantly, the share of operating revenue from foreign securities now accounts for 21% (up from 18% last year) leaving the share of operating revenue from domestic securities relatively constant. This signifies our increasing relevance beyond our home market.

Fixed operating expenses (excluding variable costs such as staff variable bonus, cost of processing and royalties) remained fairly controlled and stable revenue now covers 92% of the fixed operating expenses compared to 76% a year ago.

Overall, our operating return on equity after tax has further improved to 37.5% from 32.0% previously.

CONCLUDING REMARKS

We have seen record securities trading volumes reflecting both a buoyant market and structural improvements in our business. As we transcend our home market as a regional hub, foreign listings is a major driver. We aim to attract the growing pool of transnational Mid-Cap companies. In derivatives, the focus has been to grow more retail activity alongside continuing efforts to introduce relevant products and increase institutional volumes. It should contribute better to the bottom line.

In view of the recent important mergers in US and Europe, we will continue to explore collaboration and possible consolidation with like-minded partners to strengthen and expand our role.

Our success so far is owed to the active support of our customers and shareholders, the contributions and teamwork of all staff, in collaboration with our Chairman and Board, intermediary members, and our regulators. To all of you, I give thanks.


Hsieh Fu Hua
Chief Executive Officer
27 July 2007

OUR SOUND DIRECTION

Sound management and good governance drive sustainable growth and are fundamental to the way SGX operates. As both regulator and listed company, we seek always to set and uphold the highest standard of corporate governance for the marketplace.

BOARD OF DIRECTORS

With a broad range of expertise and a good proportion of independent directors, the Board provides effective and knowledgeable oversight. The interests of both SGX and our investors are soundly safeguarded.

J Y PILLAY

Chairman,
Singapore Exchange Limited

Mr Pillay has served as Chairman of the SGX board since 18 November 1999. Since 16 August 2001, he has served as an executive and non-independent director on the SGX board.

Mr Pillay now serves as Chairman of the Council on Corporate Disclosure and Governance, Chairman of the Council of Presidential Advisers and member of the Presidential Council for Minority Rights of the Republic of Singapore, Chairman of Assisi Hospice, director of Mount Alvernia Hospital, Life Trustee of the Singapore Indian Development Association, Chairman of Commonwealth Africa Investments Limited and member of the Council for Third Age.

Mr Pillay held a variety of positions in the Government of Singapore (1961–1995), rising to permanent secretary in 1972. He served in the ministries of finance, defence and national development. Between 1985 and 1989, Mr Pillay was Managing Director

of the Monetary Authority of Singapore and of the Government of Singapore Investment Corporation. He served, in a non-executive capacity, as Chairman of the boards of several government-linked companies, including Singapore Airlines Limited (1972–1996), Temasek Holdings (Private) Limited (1974–1986), Development Bank of Singapore Ltd (1979–1984), and Singapore Technologies Holdings Private Limited (1991–1994).

Mr Pillay graduated with a First Class Bachelor of Science (Honours) from the Imperial College of Science and Technology, University of London in 1956.

Mr Pillay was last re-elected as a director at the Annual General Meeting on 29 September 2006.

HSIEH FU HUA

Chief Executive Officer,
Singapore Exchange Limited

Mr Hsieh has served as CEO and a non-independent director on the SGX board since 1 March 2003. His career has been in merchant banking and capital markets in Asia. He was Managing Partner of PrimePartners – an independent private equity firm based in Singapore, and was Group Managing Director of BNP Prime Peregrine Group in Hong Kong – the joint venture Asian investment banking arm of BNP founded by PrimePartners. Prior to forming PrimePartners in 1993, he was Chief Executive of Morgan Grenfell Asia Holdings Pte Ltd which he joined in 1974.

He is a member of the National University of Singapore Board of Trustees, the board of Government of Singapore Investment Corporation and the National Arts Council. He is also Chairman of SIM Pte Ltd (a subsidiary of the Singapore Institute of Management). He graduated in 1974 from the University of Singapore in Business Administration.

Mr Hsieh was last re-elected as a director at the Annual General Meeting on 22 September 2005.

LOW CHECK KIAN

Chairman,
NewSmith Capital Partners (Asia) Pte Ltd

Mr Low has served as an independent director on the SGX board since 20 July 2000 and was appointed Lead Independent Director in May 2006. He was previously a Senior Vice-President and member of the Executive Management Committee of Merrill Lynch & Co., as well as Chairman of Merrill Lynch Asia Pacific.

Mr Low also sits on the board of the Singapore Workforce Development Agency and is serving as Chairman of its Investment Committee. Mr Low had also held several advisory roles on various Singapore Government Committees, including the Financial Centre Advisory Group.

He graduated from the London School of Economics (LSE) with a Bachelor of Science (Economics) (First Class Honours) in 1983 and a Master of Science (Economics) in 1984. During his stay at LSE, he was awarded the Allan Young Prize, the Baxter-Edey Award and the Henry Luce Foundation Award.

Mr Low was last re-elected as a director at the Annual General Meeting on 22 September 2005.

CHEW CHOON SENG

Chief Executive Officer,
Singapore Airlines Limited

Mr Chew has served as an independent director on the SGX board since 1 December 2004. He is CEO of Singapore Airlines Limited and Deputy Chairman of its listed subsidiaries, SIA Engineering Company Limited and Singapore Airport Terminal Services Limited. Mr Chew is a director of the Government of Singapore Investment Corporation.

He graduated from the University of Singapore with First Class Honours in Mechanical Engineering, and has a Master in Operations Research and Management Studies from the Imperial College of Science and Technology, University of London.

Mr Chew was last re-elected as a director at the Annual General Meeting on 22 September 2005.

EULEEN GOH YIU KIANG

Chairman,
International Enterprise Singapore

Ms Goh serves as an independent director on the SGX board. She is the non-executive Chairman of International Enterprise Singapore, an agency under the Ministry of Trade and Industry spearheading Singapore's efforts to develop its external wing. She is a Chartered Accountant who has held various senior management positions including the role of Chief Executive Officer in Standard Chartered Bank, Singapore. She retired in March 2006 after some 21 years with the Bank.

She is also a non-executive director of Singapore Airlines Limited, MediaCorp Pte Ltd, MOH Holdings Pte Ltd, Standard Chartered Bank Malaysia Berhad and Standard Chartered Bank (Thai) Pcl. She is the Chairman of the Financial Industry Competency Standards Committee, council member of the Singapore Institute of Banking and Finance, and Adviser to the Singapore Institute of International Affairs. She also serves on the board of her alma mater, Singapore Chinese Girls' School.

Ms Goh was elected as a director at the Annual General Meeting on 29 September 2006.

HO TIAN YEE

Executive Director,
Pacific Asset Management (S) Pte Ltd

Mr Ho has served as an independent director on the SGX board since 15 November 1999. He is currently Executive Director of Pacific

Asset Management (S) Pte Ltd. Mr Ho was previously General Manager and Managing Director of Bankers Trust Company Singapore. Mr Ho holds directorship on the boards of Fraser and Neave Ltd and Singapore Power Limited. He also sits on the board of Times Publishing Ltd and is a member of the Risk Committee of the Government of Singapore Investment Corporation. He holds a Bachelor of Economics (Honours) from Portsmouth University, UK.

Mr Ho was last re-elected as a director at the Annual General Meeting on 17 September 2004.

LEE HSIEN YANG

Chairman,
Republic Polytechnic

Mr Lee has served as an independent director on the SGX board since 17 September 2004. He joined Singapore Telecommunications Limited (SingTel) in April 1994 and served as CEO of SingTel from May 1995 until March 2007. He chairs the Republic Polytechnic's Board of Governors and is a member of the Board of Directors of INSEAD, France, and the Governing Board of the Lee Kuan Yew School of Public Policy, and is a Director of The Islamic Bank of Asia Limited. A President's Scholar and an SAF Scholar, Mr Lee obtained First Class Honours in Engineering from Cambridge University, UK and a Master of Science (Management) degree from Stanford University, USA.

Mr Lee was re-elected as a director at the Annual General Meeting on 29 September 2006.

LOH BOON CHYE

Head of Global Markets (Asia),
Deutsche Bank AG, Singapore

Mr Loh has served as an independent director on the SGX board since 22 October 2003. He began his career as an Investment Officer with the Monetary Authority of Singapore in 1989 and joined the Singapore branch of Morgan Guaranty Trust Co of New York in 1992. Since 1995, he has been with Deutsche Bank AG, Singapore and was appointed Head of Global Markets for Asia in 2002.

Mr Loh had served as Chairman of the Capital Markets Working Group (1998), Deputy President of ACI Singapore (1999) and Chairman of the Debt Capital Markets Committee of the Singapore Investment Banking Association (2000). He currently chairs the Singapore Foreign Exchange Market Committee. Mr Loh holds a Bachelor of Engineering (Mechanical) from the National University of Singapore.

Mr Loh was last re-elected as a director at the Annual General Meeting on 22 September 2005.

OLIVIA LUM OOI LIN

Group Chief Executive Officer and President,
Hyflux Ltd

Ms Lum has served as an independent director on the SGX board since 17 September 2004. She began her career as a chemist with Glaxo (S) Pte Ltd in 1986. In 1989, she started Hyflux Ltd, a company specialising in water and waste

water treatment. Currently, Ms Lum holds directorship in Hyflux Ltd. She is also a member of the National University of Singapore Board of Trustees. Ms Lum graduated from the National University of Singapore in 1986 with a Bachelor of Science (Honours).

Ms Lum was re-elected as a director at the Annual General Meeting on 29 September 2006.

NG KEE CHOE

Chairman,
Singapore Power Limited

Mr Ng has served as an independent director on the SGX board since 22 October 2003. Mr Ng is Chairman of Singapore Power Limited. He was appointed Chairman and director of Singapore Power Limited on 15 September 2000. He also became Chairman of SP Australia Networks (Transmission) Ltd and SP Australia Networks (Distribution) Ltd on 31 May 2005.

In addition, Mr Ng is Chairman of NTUC Income Insurance Cooperative Limited and President-Commissioner of PT Bank Danamon Indonesia Tbk. He is also a director of Singapore Airport Terminal Services Limited, a member of the Temasek Advisory Panel and a member of the Advisory Council of China Development Bank. For his contributions to the public sector, Mr Ng was awarded the Public Service Star Award in 2001.

Mr Ng was re-elected as a director at the Annual General Meeting on 29 September 2006.

ROBERT OWEN

Chairman,
Crosby Capital Partners Inc.
Mr Owen has served as an independent director on the SGX board since 17 September 2004. He is Chairman of Crosby Capital Partners Inc., IB Daiwa Corp and International Securities Consultancy Ltd. and a non-executive director of Citibank (Hong Kong) Ltd. and a number of other companies and investment funds. Mr Owen began his career in the UK Foreign Office and Treasury. He later worked for Morgan Grenfell, after which he became Head of Investment Banking for the Lloyds Bank Group.

In 1988, Mr Owen was appointed Adviser to the Hong Kong Government on Securities Markets to implement reforms to the regulation and operation of Hong Kong’s securities and futures markets. In 1989, he became the first Executive Chairman of the Securities and Futures Commission of Hong Kong, where he served until 1992.

Mr Owen is currently a board member of the Dubai Financial Services Authority. He was a member of the Council and Regulatory Board of Lloyds of London from 1993 to 1995. He is also a Governor of Repton School. He graduated with First Class Honours from the University of Oxford, UK, in 1961.

Mr Owen was elected as a director at the Annual General Meeting on 17 September 2004.

TANG WEE LOKE

Deputy Managing Director,
UOB Kay Hian Private Limited
Mr Tang has served as an independent director on the SGX board since 19 December 2002. He has been Deputy Managing Director of UOB Kay Hian Private Limited since 2001. He is a director and significant shareholder of the UOB-Kay Hian Holdings Group which, through its subsidiaries, is engaged in securities broking on the SGX securities market. Mr Tang is also a director of UOB-Kay Hian Holdings Limited, the shares of which are listed and quoted on the SGX Mainboard. He is Deputy Chairman of the Securities Association of Singapore which represents the interests of SGX securities trading members in Singapore. He holds a Bachelor of Business Administration degree.

Mr Tang was last re-elected as a director at the Annual General Meeting on 22 September 2005.

Mr Tang will be stepping down as director at the forthcoming Annual General Meeting on 28 September 2007.

BOARD OF DIRECTORS –
PRESENT AND PAST DIRECTORSHIPS

Present directorships (As at 30 June 2007)	Past directorships over the preceding three years (From 30 June 2004 to 29 June 2007)
MR JOSEPH YUVARAJ PILLAY	
SGX Group Singapore Exchange Securities Trading Limited Singapore Exchange Derivatives Trading Limited The Central Depository (Pte) Limited Singapore Exchange Derivatives Clearing Limited SGX Investment Mauritius Limited SGXLink Pte Ltd	Singapore Exchange IT Solutions Pte Limited Securities Clearing and Computer Services (Pte) Limited SEL Holdings Pte Ltd Asia-Europe Foundation (Member, Board of Governors) Financial Sector Development Fund Advisory Committee of the Monetary Authority of Singapore (Member) Temasek International Panel of the Temasek Holdings (Private) Limited (Chairman) Investment Committee of the United Nations Pension Fund (Member)
Others Council of Presidential Advisers of the Republic of Singapore (Chairman) Presidential Council for Minority Rights of the Republic of Singapore (Member) Council on Corporate Disclosure and Governance (Chairman) Temasek Advisory Panel of the Temasek Holdings (Private) Limited (Member) Singapore Indian Development Association (Life Trustee) Mount Alvernia Hospital (Director) Assisi Hospice (Chairman) Singapore Hospice Council (Member) Commonwealth Africa Investments Limited (Chairman) Lee Kuan Yew School of Public Policy (Adjunct Professor) Council for Third Age (Member)	

Present directorships (As at 30 June 2007)	Past directorships over the preceding three years (From 30 June 2004 to 29 June 2007)
MR HSIEH FU HUA	
SGX Group Singapore Exchange Securities Trading Limited Singapore Exchange Derivatives Trading Limited The Central Depository (Pte) Limited Singapore Exchange Derivatives Clearing Limited AsiaClear Pte Ltd American Stock Exchange – SGX Pte Ltd CDP Nominees Pte Ltd CDP Nominees (II) Pte Ltd GlobalClear Pte Ltd Macronet Information Pte. Ltd. Options Clearing Company (Pte) Limited Securities Clearing and Computer Services (Pte) Limited SGX Investment (Mauritius) Limited SGXLink Pte Ltd Singapore Exchange IT Solutions Pte Limited	Asia Converge Pte Ltd Measurex Engineering Pte Ltd Measurex Holdings Pte Ltd PrimeFounders Inc. (formerly PPAC Inc) PrimePartners Assets Inc. (formerly PrimePartners Asset Management Inc) PrimePartners Direct Investment Limited PrimePartners Management Pte Ltd ServTouch Holdings Pte Ltd (formerly WyWy Office Solutions Group Pte Ltd) Singapore Technologies Endowment Programme Limited Singapore Institute of Management (<i>Council Chairman</i>) National University of Singapore (<i>Council Member</i>)
Others Government of Singapore Investment Corporation SIM Pte Ltd (<i>Chairman</i>) (formerly SIM International Pte Ltd) TIF Ventures Pte Ltd National Arts Council (<i>Member</i>) National Gallery (Ministry of Information Communications & the Arts) (<i>Member, Steering Committee</i>) National University of Singapore (<i>Board of Trustees</i>)	
Personal Binjai Inc. Hogarth Limited Sunshine Portfolio Sdn Bhd	

Present directorships (As at 30 June 2007)	Past directorships over the preceding three years (From 30 June 2004 to 29 June 2007)
MR CHEW CHOON SENG	
SIA Group Singapore Airlines Limited Singapore Airport Terminal Services Limited (SATS) SIA Engineering Company Limited	Singapore Aircraft Leasing Enterprise Pte Ltd Singapore International Foundation Virgin Atlantic Airways Limited Virgin Atlantic Limited Virgin Travel Group Limited
Others Government of Singapore Investment Corporation	
MS EULEEN GOH YIU KIANG	
International Enterprise Singapore (<i>Chairman</i>) MediaCorp Pte Ltd (<i>Chairman of Audit & Risk Committee</i>) MOH Holdings Pte Ltd Singapore Airlines Limited (<i>Member of Board Exco and Audit Committee</i>) Singapore Chinese Girls’ School Standard Chartered Bank Malaysia Berhad (<i>Member of Audit, Risk and Nomination Committee</i>) Standard Chartered Bank (Thai) Pcl (<i>Member of Nominations Committee</i>) The Singapore Institute of Banking & Finance (<i>Council Member</i>) Financial Industry Competency Standards Committee (<i>Chairman</i>) Northlight School (<i>Chairman/ Board of Governors</i>) Singapore Institute of International Affairs (<i>Adviser</i>)	Asfinco Singapore Limited Chartered Corporate Services Singapore Limited National Heritage Board Raffles Nominees (Pte.) Limited Singapore International Chamber of Commerce Scope International (M) Sdn Bhd Scope International Private Limited (registered in Chennai) Standard Chartered (1996) Limited Standard Chartered (2000) Limited Standard Chartered International Trade Products Limited Standard Chartered Investments (Singapore) Private Limited Standard Chartered Private Equity Limited S C Learning Pte Ltd

Present directorships (As at 30 June 2007)	Past directorships over the preceding three years (From 30 June 2004 to 29 June 2007)
MR HO TIAN YEE Fraser and Neave Ltd Hexa-Team Planners Pte Ltd Pacific Asset Management (S) Pte Ltd Singapore Power Limited Times Publishing Ltd	Centrepoint Properties Ltd CPL (China) Pte Ltd Great Eastern Holdings Ltd SAVER – Premium Fund, Ministry of Defence <i>(Member of the Board of Trustees)</i> Singapore Power International Pte Ltd SPI Australia Group Pty Ltd SP PowerAsset Ltd The Great Eastern Life Assurance Company Ltd The Overseas Assurance Corporation Limited
MR LEE HSIEN YANG Republic Polytechnic <i>(Chairman)</i> Kwa Geok Choo Pte Ltd. L&L Services (Pte) Ltd. The Islamic Bank of Asia Limited INSEAD, France Governing Board of Lee Kuan Yew School of Public Policy <i>(Member)</i>	Land Transport Authority <i>(Member)</i> MediaCorp Press Ltd. NCS Pte Ltd. Singapore Science Centre Singapore Post Limited Singapore Telecommunications Limited Singapore Telecom Australia Investments Pty Ltd. Singapore Telecom International Pte Ltd. Singapore Telecom Mobile Pte Ltd. SingTel Optus Pty Limited STEL Information Technology (Shanghai) Co. Ltd.

Present directorships (As at 30 June 2007)	Past directorships over the preceding three years (From 30 June 2004 to 29 June 2007)
MR LOH BOON CHYE BC Capital Pte Ltd Gym & Sports Pte Ltd IBF Council Singapore Foreign Exchange Market Committee <i>(Chairman)</i> Financial Sector Development Fund Advisory Committee of MAS <i>(Member)</i>	BondsInAsia Limited BondsInAsia (Singapore) Pte Ltd Deutsche Bank International Asia Ltd Deutsche Securities India (Pte) Ltd
MR LOW CHECK KIAN NewSmith Capital Partners (Asia) Pte Ltd <i>(Chairman)</i> Fibrechem Technologies Limited Singapore Workforce Development Agency Singapore Workforce Development Agency Investment Committee <i>(Chairman)</i>	Citiraya Industries Ltd DSP Merrill Lynch Investment Managers Ltd. DSP Merrill Lynch Limited Infocomm Development Authority of Singapore Infocomm Investments Pte Ltd <i>(Chairman)</i> Merrill Lynch Asia Pacific <i>(Chairman)</i> Merrill Lynch Phatra Securities Co. Ltd. Merrill Lynch Securities Philippines Inc. Merrill Lynch (Singapore) Nominees Pte Ltd Merrill Lynch (Singapore) Pte. Ltd. <i>(CEO)</i> PT Merrill Lynch Indonesia <i>(Commissioner, Board of Commissioners)</i> Smith Zain (Malaysia) Sdn Bhd <i>(Alternate Director)</i> Singapore Art Museum <i>(Member)</i> (under the National Heritage Board)

Present directorships
(As at 30 June 2007)

MS OLIVIA LUM OOI LIN

Hyflux Group

Hydrochem Engineering (Shanghai) Co. Ltd.
Hyflux Aquosus (Shanghai) Co. Ltd
Hyflux Filtech (Shanghai) Co. Ltd.
Hyflux Filtech (Singapore) Pte Ltd
Hyflux Ltd
Hyflux Marmon Development Pte Ltd
Hyflux Newspring Construction
Engineering (Shanghai) Co. Ltd.
Marmon Hyflux Investments Pte Ltd
Newspring Huludao Co. Ltd.
Sinolac (Singapore) Pte Ltd

Others

National University of Singapore
(Board of Trustees)
Singapore-Tianjin Economic &
Trade Council (Member)
Singapore Water Association (President)
Temasek Life Sciences Laboratory Limited
(Director)
The Chinese Development Assistance
Council (Trustee Member)
The Singapore Productivity Association
(Patron)

MR NG KEE CHOE

Singapore Power Group

Singapore Power Limited (Chairman)
SP Australia Networks (Distribution) Ltd
(Chairman)
SP Australia Networks (RE) Ltd (Chairman)
SP Australia Networks (Transmission) Ltd
(Chairman)

Others

NTUC Income Insurance Cooperative
Limited (Chairman)
Singapore Airport Terminal Services
Limited (Director)
Advisory Council of China Development
Bank (Member)
PT Bank Danamon Indonesia Tbk
(President-Commissioner)
Temasek Advisory Panel of
Temasek Holdings (Private) Limited
(Member)

Past directorships over the preceding three years
(From 30 June 2004 to 29 June 2007)

Hyflux Group

Hydrochem (S) Pte Ltd
Hyflux Aquosus (Singapore) Pte Ltd
Hyflux International Ltd (BVI)
Hyflux Lifestyle Products (S) Pte Ltd
Menaspring Utility (S) Pte Ltd
Nanomax Pte Ltd
Sing Spring Pte Ltd

Others

Health Sciences Authority
(Board Member)
Matex International Ltd
Partnership for Equitable Growth
(Director)
SIM Governing Council (Member)
Singapore Institute of International Affairs
(Adviser)
Singapore-SiChuan Trade & Investment
Committee (Member)
Spring Singapore (Board Member)
UNESCAP Business Advisory Council
(Member)
Yeo Hiap Seng Ltd

DBS Bank Ltd
DBS Group Holdings Ltd
Wing Lung Bank Ltd
Singapore International Foundation
(Governor)

Present directorships
(As at 30 June 2007)

MR ROBERT OWEN

Citibank (Hong Kong) Ltd
Crosby Active Opportunities Feeder
Fund Limited
Crosby Active Opportunities Master
Fund Limited
Crosby Capital Partners Inc. (Chairman)
(listed on the Alternative Investment
Market in London)
Crosby China Chips Fund Ltd
ECK & Partners Ltd.
International Financial Services Consultancy Ltd
International Securities Consultancy Ltd.
(Chairman)
International Securities Information Services Ltd
International Securities Institute Ltd
IB Daiwa Corporation (Chairman)
ISI Publications Ltd.
KASB Funds Ltd
Repton Foundation Ltd
Repton Preparatory School
Repton School (Governor)
Securities Institute of Hong Kong Ltd
Sir John Port's Charity
The Dubai Financial Services Authority

Past directorships over the preceding three years
(From 30 June 2004 to 29 June 2007)

Crosby Capital Partners (Hong Kong) Ltd
Crosby Capital Partners Limited
Crosby Asset Management
(Hong Kong) Ltd
Crosby Capital Partners (Holdings) Limited
Crosby Capital Partners (Shanghai)
Limited
CMEC GE Capital China Industrial
Holdings Ltd.
European Capital Company Limited
Nirvana Capital Limited
Nomura International (HK) Ltd
Regent Pacific Ltd
Sunday Communications Ltd.
Techpacific Capital Ltd.

MR TANG WEE LOKE

UOB-Kay Hian Holdings Group

UOB-Kay Hian Holdings Limited
UOB Kay Hian Private Limited
UOB Kay Hian Nominees Pte Ltd
UOB Kay Hian Research Pte Ltd
UOB Kay Hian Trading Pte Ltd
Trans-Pacific Credit Private Limited
PT UOB Kay Hian Securities
(Non-Executive Director)
UOB Kay Hian Finance Limited
(Non-Executive Director)
UOB Kay Hian Overseas Limited
(Non-Executive Director)
UOB Kay Hian (BVI) Limited
(Non-Executive Director)
UOBH Kay Hian Securities (Philippines) Inc
(Non-Executive Director)
UOB Kay Hian Credit Pte Ltd
Thong & Kay Hian Corporation Sdn Bhd
(Non-Executive Director)
(under members' voluntary liquidation)

Others

Bonham Nominees Pte Ltd
Securities Association of Singapore
(Deputy Chairman)

Kay Hian Holdings Limited (liquidated
with effect from 27 July 2007)
UOB Kay Hian Securities (Thailand)
Co Ltd (Non-Executive Director)
UOB Kay Hian (M) Holdings Sdn Bhd

EXECUTIVE COMMITTEE

HSIEH FU HUA
Chief Executive Officer

Mr Hsieh’s profile can be found on page 20 of this Annual Report.

GAN SEOW ANN
Senior Executive Vice President

As Head of Markets, Mr Gan is responsible for the management and distribution of SGX’s suite of securities, derivatives and data products. This involves the development of key customer segments comprising intermediaries, institutions, issuers, traders and data vendors, and facilitating their access and participation in SGX’s markets. Mr Gan also oversees the positioning of Singapore as a choice listing venue. In addition, Mr Gan chairs the Business and Technology Committees, leading the co-ordination and resolution of cross-group issues pertaining to major business and technology initiatives, in line with corporate objectives. He is also responsible for Processing and Retail Business with the charter to transform SGX into a post-trade processing hub and to improve penetration of the retail business. Mr Gan also oversees Corporate and Marketing Communications at SGX.

Prior to joining SGX on 20 March 2001, Mr Gan held various senior regional positions

in the capital markets. From 1996 to 2001, he was Managing Director at Merrill Lynch, Singapore, where he oversaw the company’s business activities in its South East Asian offices and managed its exchange seats in Indonesia, Malaysia, Philippines, Thailand and Singapore. From 1990 to 1996, he was Managing Director of Crosby Securities, responsible for the equities business in Indonesia, Malaysia and Singapore.

Mr Gan serves on several boards, including Seeds Capital, TIF Ventures and National Kidney Foundation. He graduated with a Bachelor of Arts (Economics) with Distinction and holds a Master of Business Administration from McMaster University, Canada.

SECK WAI KWONG
Senior Executive Vice President and
Chief Financial Officer (CFO)*

Mr Seck joined SGX on 2 June 2003. He is Senior Executive Vice President and CFO. Mr Seck also oversees the Clearing and Commodities Business as well as Legal and Compliance. As CFO, his portfolio includes finance and treasury, capital and enterprise risk management, and investor relations. In his role as head of Clearing and Commodities Business, he leads projects such as JADE (Joint Asian Derivatives Exchange), the commodity exchange joint venture with Chicago Board of Trade; and AsiaClear®, the over-the-counter clearing facility for oil swaps and forward freight agreements.

Prior to SGX, Mr Seck held senior executive positions in the Monetary Authority of Singapore and the Government of Singapore Investment Corporation. From 1999 to 2002, he was Managing Director of DBS Bank

where he directed its wealth management business and, prior to that, its corporate and investment banking activities. Mr Seck was the Managing Director and Head of Fixed Income for Asia ex-Japan at Lehman Brothers from 1995 to 1999, and was also the Adviser to the Investment Company of the People’s Republic of China in 1995.

He is currently on the boards of the Energy Market Authority, the Financial Sector Development Fund, and the Institute of Banking and Finance. Mr Seck holds a Master of Business Administration (with Distinction) from the Wharton School, University of Pennsylvania, USA, and a Bachelor of Economics (First Class Honours) from Monash University, Australia.

* Mr Seck was appointed as CFO on 1 August 2007. He was previously CFO from 1 June 2003 to 31 December 2005.

YEO LIAN SIM
Senior Executive Vice President

Ms Yeo is Senior Executive Vice President and Head of the Risk Management & Regulation Group, which is responsible for maintaining a robust regulatory framework for SGX’s operation of a fair, orderly and transparent market. The group encompasses member supervision, issuer regulation, market surveillance, enforcement, risk management and regulatory policy. It also works closely with the Monetary Authority of Singapore (MAS) in developing and enforcing rules and regulations for market participants. Ms Yeo has been with SGX since 1 July 2004 and was promoted to Senior Executive Vice President on 1 August 2007.

Before SGX, Ms Yeo was from Temasek Holdings, where she was responsible for capital resource management. Prior to that, she was at MAS where she held responsibilities in various areas, namely, managing the Singapore dollar exchange rate, money market operations and the investment of foreign reserves, as well as overseeing the regulation of the securities and futures markets.

Ms Yeo graduated with Honours in Economics and Political Science from the University of Singapore and holds a Master’s degree from the London Business School, UK.

MUTHUKRISHNAN RAMASWAMI
Senior Executive Vice President

Mr Ramaswami is Senior Executive Vice President and Chief Operations Officer, heading the Operations and Technology Group. His charter includes market control, clearing and settlement, depository operations, IT planning and governance, IT solutions and services delivery.

Mr Ramaswami joined SGX on 1 July 2007. He was previously from Citigroup Global Consumer Bank where he was the Chief Information Officer with the International Consumer Business. He also held senior executive positions in Citigroup’s international and regional offices.

Mr Ramaswami holds a Master’s Degree in Mathematics (Honours) from Birla Institute of Technology and Sciences, and also a Post Graduate Diploma in Management Studies (Masters in Business Administration) from the Indian Institute of Management, Ahmedabad.

CHEW HONG GIAN

Executive Vice President

Mr Chew is Executive Vice President and Head of Operations, where he oversees and manages the securities and derivatives trading, clearing and settlement operations, securities depository, and customer service functions. Previously, as the Head of Technology, he oversaw the implementation of an integrated trading system and helped modernise SGX's IT data centres. Mr Chew has also held other senior positions at SGX prior to his current appointment, having been responsible for managing depository operations, marketing brokerage technology solutions and establishing an in-sourcing service. Mr Chew has been with SGX since 10 November 2000.

Before joining SGX, Mr Chew was with the National Computer Board and the Monetary Authority of Singapore where he participated in a strategic review of Singapore's financial sector.

He graduated from the University of Michigan, USA with a Bachelor (Highest Honours) and a Master in Computer Science. He also holds a Master of Business Administration (International Business) from the Nanyang Business School of Singapore.

DANIEL TAN BAK HIANG

Executive Vice President

Mr Tan was with the Stock Exchange of Singapore (SES) since 16 September 1983, and joined SGX when SES and the Singapore International Monetary Exchange were

merged in 1999 to form SGX. He is Executive Vice President and in charge of Processing and Retail Business. His responsibilities include increasing the depth and breadth of retail participation in the securities and derivatives market, conducting strategic studies and analysis of consumer investing behaviour, and the development of retail-oriented products and services.

Prior to leading Processing and Retail Business, Mr Tan was the Head of Operations, as well as Head of Technology. He played a key role in the implementation of SGX's strategic IT initiatives and was responsible for aligning these initiatives with SGX's strategic vision.

Mr Tan was previously with the Housing & Development Board. He holds a degree in Computer Science from the University of Toronto, Canada.

LINUS KOH KIA MENG

Executive Vice President

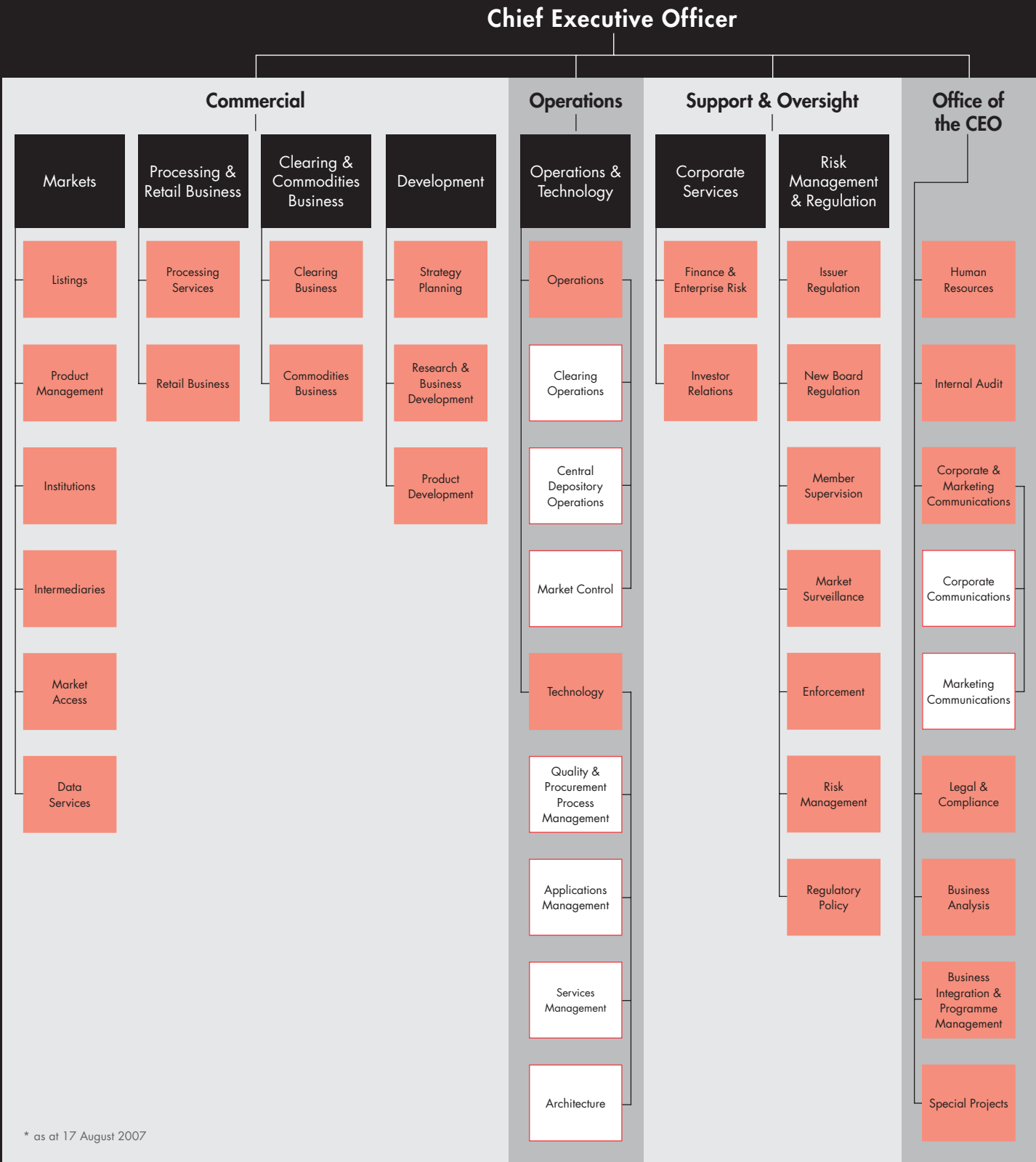
Mr Koh joined SGX on 20 May 2004 and was Chief Financial Officer, Head of Corporate Services Group and Head of Strategy unit from 1 December 2006 to 31 July 2007. His last day of service with SGX was 31 August 2007.

ROBERT W VAN ZWIETEN

Executive Vice President

Mr van Zwieten joined SGX as Chief Financial Officer and Head of Corporate Services Group on 1 January 2006. His last day of service with SGX was 30 June 2007.

SGX ORGANISATION*



SGX ORGANISATION

Markets

Markets is responsible for managing and distributing SGX’s suite of securities, derivatives and data products and services. This involves developing key customer segments comprising intermediaries, institutions, issuers, traders and data vendors, and facilitating their access and participation in our markets. The group also takes the lead in positioning Singapore as a choice listing venue.

Processing & Retail Business

Processing and Retail Business is entrusted with increasing penetration into the retail market. It champions the development and distribution of products and services for the retail investor. It is also responsible for the expansion of SGX’s post-trade processing business.

Clearing & Commodities Business

Clearing and Commodities Business drives the over-the-counter clearing business and develops new clearing business opportunities for SGX. AsiaClear®, our over-the-counter clearing facility, and JADE (Joint Asian Derivatives Exchange) come under its purview.

Development

Responsible for strategy planning and the development of new businesses and traded products, the group steers vital product development from incubation through to launch.

Operations & Technology

This group is responsible for the technology infrastructure necessary to provide market reliability and high availability. The group is also responsible for all the operations functions – securities and derivatives trading, clearing and settlement operations, securities depository and customer service.

Corporate Services

The group takes charge of the overall financial management of SGX and drives the investor relations function. Corporate Services also ensures good capital and treasury management, enterprise risk management, financial planning and reporting, as well as facilities management.

Risk Management & Regulation

Pivotal to SGX’s role as a regulator, the group operates a fair, orderly and transparent marketplace by developing a robust regulatory framework, rigorous market surveillance and effective enforcement. It works closely with the Monetary Authority of Singapore on rules and regulations for market participants, and oversight of corporate governance of listed companies.

OFFICE OF THE CEO

Human Resources

The unit develops and aligns SGX’s people strategy to meet business objectives. It is the key driver for human capital policy and development, championing programmes and processes which benefit staff and optimise business performance.

Internal Audit

Functioning independently, Internal Audit assesses risks, validates controls and governance processes. It is responsible for providing reasonable assurance to the board, Audit Committee and management that SGX’s risk management, controls and governance processes are adequate and effective.

Corporate & Marketing Communications

Marketing Communications drives demand generation initiatives and awareness of products and services. The brand custodian of SGX, Corporate Communications fosters positive relations with stakeholders, including the media and public.

Legal & Compliance

The three functions of the unit are Legal, Company Secretarial and Compliance. Its purpose is to enable management to execute business strategies and to protect SGX and its subsidiaries from assuming inappropriate legal, regulatory or reputational risks. The legal function advises on legal and regulatory matters. The corporate secretarial function manages the running of the board and its committees. Compliance assists SGX to comply with its responsibilities as an exchange. Legal and Compliance is also the secretariat for the disciplinary tribunals and the SGX investor compensation funds.

Business Analysis

The Business Analysis unit acts as liaison between the Commercial and Operations SBUs within SGX. It is responsible for analysing and specifying detailed requirements for business information systems.

Business Integration & Programme Management

Business Integration & Programme Management maintains the full prioritised SGX project portfolio and monitors the progress of each to ensure all risks and issues are addressed in a timely manner. It provides regular status reports to SGX management and maintains the SGX projects life cycle process guidance and provides support and assistance to the project managers.

SELF-REGULATORY ORGANISATION
GOVERNANCE REPORT

INTRODUCTION

SGX operates approved exchanges and designated clearing houses under the Securities and Futures Act (the SFA). SGX is obliged by law to meet certain regulatory objectives set out in the SFA. As a demutualised listed company, SGX is obliged to advance its shareholders’ interests through its commercial activities.

The pursuit of profit may, in certain circumstances, be perceived as conflicting with the pursuit of high regulatory standards. However, SGX’s regulatory and commercial objectives are not necessarily opposed. In fact, SGX recognises that high quality regulation sustains an enduring marketplace, which is in the interest of SGX shareholders. The management of Self-Regulatory Organisation (SRO) conflicts is therefore an integral part of SGX’s corporate governance policy. To this end, SGX works closely with, and under the supervision of, the Monetary Authority of Singapore, which is its statutory regulator. This includes public consultations and management of SGX’s rulebooks to ensure that SGX’s regulatory framework remains current and relevant.

CONFLICTS COMMITTEE

The Conflicts Committee, which comprises solely of independent directors, manages the supervision of SGX’s SRO conflicts for the board. The Conflicts Committee is charged with reviewing the adequacy of resources allocated to SGX’s regulatory work, ensuring that adequate systems and processes are in place to manage SRO conflicts and, where necessary, making decisions on specific cases of SRO conflicts referred to it.

This year, the Conflicts Committee has overseen the establishment of comprehensive SRO conflicts governance policies and procedures. The Conflicts Committee has also reviewed SGX’s handling of potential SRO conflict situations, including listing approvals, the fair and objective enforcement of rules and the adequacy of resources within Risk Management & Regulation for conducting its regulatory functions effectively.

APPOINTMENT OF INDEPENDENT
CONSULTANT

In June 2006, the Conflicts Committee appointed Mr Robert Nottle, former Chairman of the Securities and Futures Commission of Hong Kong and former director of the Australian Stock Exchange Supervisory Review, to undertake an independent review of SGX’s SRO conflicts management framework. In his report, Mr Nottle concluded that SGX’s overall SRO conflicts management framework, from its organisational structure to funding for regulatory functions, satisfied its obligations as an SRO. He also noted a high degree of observance with the spirit and the letter of SGX’s SRO Conflicts Code. However, he emphasised that SRO conflicts governance

was an ongoing obligation and made a number of recommendations for improvement. All the recommendations have been accepted by the board and the management of SGX. The key measures implemented by SGX are described below.

SRO CONFLICTS TRAINING PROGRAMME

SGX’s Regulatory Policy Unit has successfully implemented a comprehensive SRO conflicts training programme. All SGX executive management staff have completed the training, which includes interactive scenario discussions. The training programme continues at staff level, with the objective of increasing awareness of SRO conflicts for all SGX staff. SRO conflicts training has also been incorporated into the induction programme for all new SGX employees.

SRO CONFLICTS CODE AND
SRO CONFLICTS HANDBOOK

The SGX SRO Conflicts Code contains the core principles for SRO conflicts governance in SGX. As part of a holistic review of SGX’s SRO conflicts documentation, the Regulatory Policy Unit reviewed the SRO Conflicts Code. To complement the SRO Conflicts Code, the Regulatory Policy Unit also drafted and compiled a comprehensive SRO conflicts handbook.

The handbook was drafted in close collaboration with the relevant regulatory and

business units and with feedback from Internal Audit. It is intended to act as a resource for all SGX staff. Together with the SGX SRO conflicts training programme, the handbook provides context and guidance for staff in relation to the application of the SRO Conflicts Code and the unit-level guidelines. The handbook will be continuously updated and expanded as necessary, to remain relevant.

REVIEW OF REGULATORY KEY
PERFORMANCE INDICATORS

The effective management of SRO conflicts requires awareness and endorsement by both regulatory and commercial units in SGX. To this end, SGX has undertaken a thorough review of regulatory key performance indicators (KPIs) in order to capture qualitative regulatory objectives, not only for regulatory units, but also for business units. The establishment of regulatory KPIs across SGX will facilitate the establishment of an organisational culture that values good SRO conflicts governance.

CONCLUSION

SGX’s business is founded on maintaining the trust of all market participants. Good corporate governance is a critical distinguishing component of SGX’s value proposition. As part of our corporate governance policy, SGX is committed to managing and resolving SRO conflicts scrupulously.

DISCIPLINARY AND APPEALS COMMITTEES

A member of SGX or a person registered with SGX who fails to comply with the Rules or Requirements of the Exchange or Clearing House may be charged before a Disciplinary Committee. The Disciplinary Committee hears the charge and decides whether the member or the registered person has violated any Rules or Requirements of the Exchange or Clearing House and, if so, decides on the appropriate penalty. A member or registered person charged and convicted before a Disciplinary Committee may be reprimanded, fined, suspended and/or expelled.

SGX has a total of four Disciplinary Committees, one each for securities and derivatives trading and clearing. The Disciplinary Committees heard a total of three cases in the year, two cases for securities trading and one case for derivatives trading. The Disciplinary Committees comprise experienced industry participants and legal experts with extensive knowledge of the industry. The composition of the Disciplinary Committees is as follows:

SGX-Derivatives Trading and Derivatives Clearing Disciplinary Committee members

Name	Profession
Ho Tian Yee (Chairman)	Fund Manager, Pacific Asset Management (S) Pte Ltd
David Yeow	Lawyer, Rajah & Tann
Tan Kah Gee	Futures Broker, The Mizuho Futures (S) Pte Ltd
George Teo Choa Chee*	Futures Broker, UOB Bullion & Futures Ltd
Steve Ng Kuan Kuen	Banker, Deutsche Bank

SGX-Securities Trading and CDP Disciplinary Committee members

Name	Profession
Fong Kwok Jen (Chairman)	Lawyer, Fong Law Corporation
Nels Radley Friets	Stockbroker, Citigroup Global Markets Singapore Pte Ltd
Leong Mun Wai	Stockbroker, DBS Vickers Securities (Singapore) Pte Ltd
Petrus Huang Yen San	Lawyer, Drew & Napier LLC
Hamidul Haq	Lawyer, Rajah & Tann

The member or registered person may appeal to SGX’s Appeals Committee against the decision of the Disciplinary Committee. A new Appeals Committee was formed in 2006. The new Appeals Committee comprises entirely independent members who are not directors, employees or officers of SGX or its related companies. The new Appeals Committee heard two appeals in the year, with its first appeal heard in February 2007. The decision of the Appeals Committee is final. The Appeals Committee comprises industry experts and professionals with years of experience in the industry. The present composition of the Appeals Committee is as follows:

SGX Appeals Committee members

Name	Profession
Michael Sydney Hwang (Chairman)	Lawyer, Michael Hwang
Lim Choo Peng	Consultant
Colin Ng Teck Sim	Lawyer, Colin Ng & Partners
Michael Wong Ping Seng	Futures Broker, Phillip Futures Private Limited
Hugh Young	Fund Manager, Aberdeen Asset Management Asia Limited

* retired February 2007.

CORPORATE GOVERNANCE REPORT

The Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) requires all listed companies to describe, in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Singapore Code of Corporate Governance introduced in April 2001 and amended in 2005 (Code). This report deals with our corporate governance as a listed company and is to be read in conjunction with the SRO Governance Report, which sets out our corporate governance as a self-regulatory authority.

We have applied all the principles and comply with all the guidelines of the Code.

The Corporate Governance Report (Report) is structured in a tabular form, stipulating each principle and guideline of the

Code in running order. Alongside the guidelines we have indicated whether we have complied with the recommendation and elaborated on our corporate governance procedures where necessary.

Unless specified otherwise, references to independence of directors, are references to independence as defined under the Code.

The independence requirements under the Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005 (SFR 2005) are also set out in tabular form in this Report for ease of reference.

PRINCIPLE 1: Board’s conduct of its affairs
Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the success of the company. The board works with management to achieve this and the management remains accountable to the board.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
1.1 The board’s role is to:		The board oversees the company’s business affairs. The key matters for board oversight include:
(a) Provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the company to meet its objectives;	✓	(a) approving broad policies, strategies and objectives of the company;
(b) Establish a framework of prudent and effective controls which enables risk to be assessed and managed;	✓	(b) monitoring management performance;
		(c) overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
		(d) approving annual budgets, major funding proposals, investment and divestment proposals; and
		(e) assuming responsibility for corporate governance.
		See Principle 12 on internal controls and risk management.
(c) Review management performance; and	✓	The Remuneration Committee reviews, on an annual basis, management performance to determine the award of variable bonus and other incentive schemes as set out in the Remuneration Report.
(d) Set the company’s values and standards and ensure that obligations to shareholders and others are understood and met.	✓	The board approves the Mission Statement and the appropriate balance between SGX’s regulatory and commercial objectives. It has appointed the Conflicts Committee to manage the supervision of SGX’s SRO conflicts. Please refer to the SRO Governance Report.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
1.2 All directors must objectively take decisions in the interests of the company.	✓	
1.3 The company should disclose any delegation of authority by the board to any board committee to make decision on certain board matters.	✓	Please refer to the Terms of Reference of board committees at www.sgx.com .
1.4 (a) The board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members.	✓	
(b) The company is encouraged to amend the Articles of Association to provide for telephonic and videoconference meetings.	✓	Article 106(B) of the Company's Articles of Association.
(c) The company should disclose the number of board and board committee meetings held in the year as well as the attendance of every board member at these meetings in the company's annual report.	✓	Please refer to the Directors' Meeting Attendance Report.
1.5 The company should adopt internal guidelines setting forth matters that require board approval and specify in the corporate governance disclosures the type of material transactions that require the board approval under such internal guidelines.	✓	Matters which are specifically reserved to the board for approval are: (a) matters involving a conflict of interest for a substantial shareholder or a director; (b) material acquisitions and disposal of assets; (c) corporate or financial restructuring; (d) share issuances, dividends and other returns to shareholders; (e) matters which require board approval as specified under the company's interested person transaction policy; and (f) any investments or expenditures exceeding \$10 million in total.
1.6 Every director should receive appropriate training ¹ , particularly on relevant new laws, regulations and changing commercial risks and including duties as a director and how to discharge such duties, when he/she is first appointed to the board.	✓	We conduct a comprehensive orientation programme to familiarise new directors with the company's business and governance practices. The aim of the orientation programme is to give directors a better understanding of our businesses and allow them to assimilate into their new roles.

¹ The training should include an orientation programme to ensure that incoming directors are familiar with the company's business and governance practices.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	✓	Please refer to paragraph 4.6(b).
1.8 The company is encouraged to provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge.	✓	Each director is provided with an annually updated manual containing board and company policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the company, prohibition on dealings in our securities and restrictions on the disclosure of price-sensitive information. Directors are also informed of regulatory changes initiated by or affecting us. We have an ongoing training budget for directors to receive further relevant training of their choice in connection with their duties. Relevant courses include programmes run by the Singapore Institute of Directors. Directors are also welcome to request further explanations, briefings or information on any aspect of our operations or business issues from management.

PRINCIPLE 2: Board Composition and Guidance
There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
2.1 The company should have at least one-third of the board comprising independent directors ² .	✓	The board comprises 12 directors. The Chairman and the CEO are the only executive directors while the remaining 10 directors are non-executive directors. In compliance with the requirements of the SFR 2005, 8 of the 12 directors are independent from management and business relationships and are independent directors as defined under the SFR 2005. Ten of the 12 are independent from substantial shareholders as defined under the SFR 2005. A table setting out each director's independence under the Code and under the SFR 2005 is included in this Report.

² An "independent" director is one who has no relationship with the company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the company. A related company in relation to a corporation includes its subsidiary, fellow subsidiary or parent company.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code, which would otherwise deem him as non-independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed.	✓	Under the SFR 2005, it is mandatory for the nominating committee (NC) to determine if a director is independent. If the NC considers a director independent notwithstanding that he is deemed non-independent under the SFR, the NC must write to MAS with an explanation of its decision as to why the director should be considered independent. MAS may object to the NC's decision to find the director independent and may require a change to the composition of the board or relevant board committee.
2.3 The board should, taking into account the scope and nature of the operations of the company, examine the size and decide on what it considers an appropriate size for the board, which facilitates effective decision-making.	✓	The board considers that the present board size (12) and number of board committees facilitate effective decision-making. The board feels that 10 to 13 directors will provide sufficient diversity of expertise without interfering with efficient decision-making.
2.4 The board should comprise directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	✓	The board considers that its directors possess the necessary competencies to lead and govern SGX effectively.
2.5 Non-executive directors:-		
(a) Constructively challenge and help develop proposals on strategy; and	✓	Once a year, a formal executive session is arranged for the non-executive directors (NEDs) to meet without the presence of management or executive directors to review any matters that must be raised privately. The session is chaired by the chairman of the NC who is also the lead independent director (LID). The terms of reference of the LID are available at www.sgx.com .
(b) Review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.	✓	The RC comprising only NEDs, reviews management's performance and determines the rewards for such performance.
2.6 NEDs are encouraged to meet regularly without management presence.	✓	The LID co-ordinates informal meeting sessions for NEDs to meet.

PRINCIPLE 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the company – the working of the board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
3.1 (a) The Chairman and Chief Executive Officer ("CEO") should be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the board for independent decision-making.	✓	
(b) The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing and agreed by the board.	✓	The Chairman manages the business of the board and the board committees, and monitors the translation of the board's decisions and wishes into executive action. The Chairman approves the agendas for board and board committee meetings, and exercises control over the quality, quantity and timeliness of information flow between the board and management. The CEO manages the businesses of the company and implements the board's decisions. The CEO has appointed an executive committee (EXCO), comprising senior management executives, to assist him. The CEO is chairman of the EXCO. The CEO and the EXCO are responsible for the day-to-day operation and administration of the company.
(c) The company should disclose the relationship between the Chairman and CEO where they are related to each other.	✓	There is no relationship between the Chairman and CEO.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
3.2 The Chairman should:-		
(a) Lead the board to ensure effectiveness on all aspects of its role and set the agenda;	✓	The Chairman approves the agendas for the board. Agendas for board committees are approved by Chairman together with the chairmen of the board committees.
(b) Ensure that the directors receive accurate, timely and clear information;	✓	The Chairman exercises control over the quality, quantity and timeliness of information flow between the board and management.
(c) Ensure effective communication with shareholders;	✓	Please refer to Principles 14 and 15.
(d) Encourage constructive relations between the board and management;	✓	Board interaction with, and independent access to, senior management is encouraged. We organise a directors' off-site with senior management annually. EXCO members are invited to attend board meetings. In addition, board members have the contact details of each EXCO member.
(e) Facilitate the effective contribution of NEDs in particular;	✓	This role is performed by the Chairman and the IID.
(f) Encourage constructive relations between executive directors and NEDs; and	✓	This role is performed by the Chairman and the IID.
(g) Promote high standards of corporate governance.	✓	The Chairman is committed to SGX complying with the Code, and in some areas going beyond the Code. See for example the Code on Share Dealing and Interested Person Transactions Policy at paragraph 16.
3.3 The company may appoint an independent NED to be Lead Independent Director where the Chairman and the CEO is the same person or related by closed family ties or part of the executive management team.	✓	The board appointed Mr Low Check Kian as IID in May 2006 to lead and co-ordinate the activities of the NEDs of the company. The IID aids the NEDs to constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance.

PRINCIPLE 4: Board Membership

There should be a formal and transparent process for the appointment of new directors to the board.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
4.1 The company should:-		
(a) establish a nominating committee ("NC") comprising at least three directors, a majority of whom including the Chairman, are independent of any substantial shareholder ³ ; and	✓	The NC is chaired by Mr Low Check Kian, who is the IID. Mr Low is not associated with any substantial shareholder. Mr Low is also independent from management and business relationships as defined under the SFR 2005. The majority of the NC members are independent. In compliance with the requirements of the SFR 2005, the NC has five members. Three of the five are independent from business and management relationships and are independent directors as defined under the SFR 2005. All five are independent from any substantial shareholder as defined under the SFR 2005.
(b) disclose the membership in the annual report.	✓	Please refer to the Corporate Information section in the Annual Report.
The NC should have written terms of reference that describe the responsibilities of NC members.	✓	Please refer to the NC terms of reference at www.sgx.com
4.2 The NC should be responsible for re-nomination having regard to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) as an independent director.	✓	
All directors are required to submit themselves for re-nomination and re-election at regular interval and at least every three years.	✓	We place importance on the board renewal process. Since our listing in 2000, only three members of the original board remain. Our articles provide that at each Annual General Meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

³ A substantial shareholder is a shareholder with interest of 5% or more in the voting shares of the company.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
4.3 The NC should be responsible for determining annually if a director is independent. If the NC determines that a director, who has one or more of the relationships, mentioned in Guideline 2.1 can be considered independent, the company should make a disclosure as stated in Guideline 2.2.	✓	<p>The NC conducts an annual review of director independence. The NC also considers the length of a director's tenure to determine their independence. Based on the Code's criteria for independence, all the NEDs are independent.</p> <p>We are also required to comply with MAS's more stringent requirements of independence as set out in the SFR 2005. We have had the requisite number of independent directors as defined in the SFR 2005 sitting on the board and board committees since the 2006 Annual General Meeting (AGM).</p> <p><u>SFR2005 Director's Independence</u></p> <p>To be independent as defined under the SFR 2005, a director must be non-executive, and independent of certain business and management relationships with the company and its subsidiaries. A director cannot have connections with our member firms or related companies of our member firms to be deemed independent. The director must not be connected to any substantial shareholder of the company. The NC has ascertained that a majority of the board members are independent according to this criterion. A table setting out the independence requirements for the board under the SFR 2005, and our compliance, is set out in this Report.</p>
4.4 The NC should decide if a director, who has multiple board representations, is able to and has been adequately carrying out his/her duties as a director of the company.	✓	The NC considers whether directors who serve on many boards are able to commit the necessary time to discharge their responsibilities.
4.5 A description of the process for the selection and appointment of new directors, including disclosure on the search and nomination process, to the board should be disclosed.	✓	The policy and procedures for the appointment of NEDs are posted on our website, including a description on the search and nomination process.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
4.6 The following information should be disclosed in the company's annual report:- (a) Key information of directors:- <ul style="list-style-type: none">academic/professional qualifications;shareholding in the company and its subsidiaries;board committees, date of first appointments & date of last re-election; anddirectorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments.	✓ ✓ ✓ ✓	<p>Please refer to Board of Directors section of the Annual Report.</p> <p>Please refer to directors' interests in the Directors' Report section of the Annual Report.</p> <p>Please refer to Board of Directors and Corporate Information sections of the Annual Report.</p> <p>Please refer to Board of Directors section of the Annual Report.</p>
(b) Corporate governance, which directors are executive, non-executive or considered to be independent. The names of the directors submitted for election or re-election should also be accompanied by details and information to enable shareholders to make informed decisions.	✓ ✓	<p>Please refer to the table setting out the independence status of the individual directors in this Report.</p> <p>Generally all new directors are proposed for election by shareholders at the Annual General Meetings with sufficient details of their Curriculum Vitae to enable shareholders to make an informed choice. Subsequently, a formal letter of appointment is provided. The formal letter of appointment indicates the amount of time commitment required and the scope of duties.</p>

PRINCIPLE 5: Board Performance
There should be a formal assessment of the effectiveness of the board as a whole and the contribution by each director to the effectiveness of the board.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
5.1 Every board should implement a process to be carried out by the NC for assessing the effectiveness of the board as a whole and for assessing the contribution by each individual director to the effectiveness of the board. This assessment process should be disclosed in the annual report.	✓	

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
5.2 The NC should decide how the board's performance may be evaluated and propose objective performance criteria.	✓	This year, the NC reviewed the process for evaluation of the board as a whole. The NC will assess and discuss the performance of the board as a whole every year, and will ascertain key areas for improvement and requisite follow-up actions. Every two years, independent consultants will be appointed to assist in the board evaluation process. Board and board committee performance will be evaluated by each director and EXCO member.
Performance criteria, which allow for comparison with industry peers, should be approved by the board and address how the board has enhanced long-term shareholders' value and should not be changed from year to year.	✓	The board performance targets include a measure aligned with shareholders' interests, as well as a measure to capture its regulatory responsibilities as a self-regulatory organisation. The board is required to ensure that a proper balance is maintained between our commercial objectives and our regulatory responsibilities. Please refer to the SRO Governance Report.
5.3 The performance evaluation should also consider the company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index (STI) and a benchmark index of its industry peers.	✓	The board has adopted the recommendation of using quantitative financial indications. Performance is assessed on a 3–5 year rolling average basis. The measures are: (i) an absolute Total Shareholder Return (TSR); (ii) SGX's TSR against the STI TSR; and (iii) SGX's TSR against the STI TSR compared to other regional peer exchanges' TSR performance against their respective home indices TSRs.
5.4 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties).	✓	There is an individual assessment of each NED's effective contribution by the Chairman, and the results of the assessment are discussed with the NC chairman. Some factors considered in the individual review are directors' attendance and participation at meetings, the quality of directors' interventions and special skills and contributions made by directors. The assessment of the Chairman's and the CEO's performance is undertaken by the RC together with the chairman of the NC and the results are reviewed by the board.
5.5 The Chairman of the board should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the board or seek the resignation of directors, in consultation with the NC.	✓	
5.6 Other performance criteria that may be used include return on assets ("ROA"), return on equity ("ROE"), return on investment ("ROI") and economic value added ("EVA") over a longer-term period.	✓	

PRINCIPLE 6: Access to Information

Board members should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
6.1 Management has an obligation to supply the board with complete, adequate information in a timely manner. Relying purely on what is volunteered by management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his or her duties properly. Hence, the board should have separate and independent access to the company's senior management.	✓	Proposals to the board for decision or mandate sought by management are in the form of memos that give the facts, analysis, resources needed, expected outcomes, conclusions and recommendations. Board and board committee papers are distributed a week in advance of the meeting to directors. Staff who can provide additional insight into matters to be discussed will be present at the relevant time during the board and board committee meetings. Draft agendas for board and board committee meetings are circulated to EXCO and board committee members respectively, in advance, in order for them to add items to the agenda.
6.2 Information provided should include background or explanatory information relating to matters to be brought before the board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	✓	Analyst reports on SGX are forwarded to the board every quarter in order for directors to keep abreast of analysts' views on our performance. Monthly financial management reports are also provided to the board. Please refer to paragraph 10.2.
6.3 Directors should have separate and independent access to the Company Secretary. The role of the Company Secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with.	✓	Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the board and its committees and between senior management and NEDs, as well as facilitating orientation and assisting with professional development as required.
The Company Secretary should attend all board meetings.	✓	

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
6.4 The appointment and the removal of the Company Secretary should be a matter for the board as a whole.	✓	
6.5 The board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the company's expense.	✓	

PRINCIPLE 7: Procedures for Developing Remuneration Policies
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
7.1 The board should set up a remuneration committee ("RC") comprising entirely of NEDs, the majority of whom, including the chairman, should be independent, to minimise the risk of any potential conflict of interest.	✓	<p>Mr Ng Kee Choe, an independent director, chairs the RC. Mr Ng has many years of experience in senior management positions in a leading Singapore commercial bank, including dealing with remuneration issues. He has also chaired or sat on the remuneration committees of other listed companies.</p> <p>All four RC members are independent non-executive directors. No RC member is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him. All four directors are independent as defined under the SFR 2005.</p>

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
7.2 The RC:- (a) Will recommend to the board a framework of remuneration, and the specific remuneration packages for each director and the CEO (or executive of equivalent rank) if the CEO is not a director. The RC's recommendations should be submitted for endorsement by the entire board. (b) Should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits-in-kind.	✓ ✓	<p>The RC reviews matters concerning remuneration of the board, CEO and senior management. The RC approves the framework of remuneration for the entire organisation including the structuring of the long-term incentive plans. The RC also approves annual salary increment pool and variable bonus pool for distribution to employees of all grades.</p> <p>The RC chairman together with the NC, review and recommend to the board the specific remuneration packages for executive directors and the CEO upon recruitment. Subsequently, annual increments, variable bonus, performance share grants and other incentive awards, will be reviewed by the RC for recommendation to the board. The RC also reviews the remuneration of senior management annually. Our compensation philosophy and actual performance targets for the award of long-term incentives is set out in the Remuneration Report section of the Annual Report.</p>
7.3 The RC should seek expert advice inside and/or outside the company on remuneration of all directors.	✓	The RC has access to appropriate advice from the Head of Human Resources, who attends all RC meetings.

PRINCIPLE 8: Level and Mix of Remuneration
The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully and a significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
8.1 The performance-related elements of remuneration should be designed to align interests of executive directors with those of shareholders and link rewards to corporate and individual performance.	✓	The RC administers the Performance Share Plan (PSP). Details of the PSP, including awards made thereunder and the performance conditions for the vesting of the awards are found in the Remuneration Report section of the Annual Report.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
8.2 The remuneration of NEDs should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors and should not be over compensated.	✓	<p>NEDs are remunerated under a framework of basic and attendance fees for serving on the board and board committees.</p> <p>The parameters for directors' fees are as follows:</p> <p>(a) Basic fee – \$40,000 per annum;</p> <p>(b) Attendance fee – \$1,200 per meeting;</p> <p>(c) Committee fees as follows:-</p> <p>(i) AC chairman – \$20,000;</p> <p>(ii) AC member – \$10,000;</p> <p>(iii) Other committee chairman – \$15,000; and</p> <p>(iv) Other committee member – \$8,000.</p>
8.3 There should be a fixed appointment period, which is not excessively long, for all service contracts for executive directors and there are no onerous removal clauses or early termination clauses.	✓	CEO's contract stipulates a fixed term while Chairman's appointment is for as long as he remains director. Chairman is re-elected each year at the Annual General Meeting. Their service contracts do not contain onerous removal clauses or early termination clauses.
8.4 The RC should encourage long-term incentive schemes and review whether directors should be eligible to participate as well as the costs and benefits of the schemes.	✓	There is in place a long-term incentive scheme for executive directors and staff, which includes share options and performance shares. Please refer to the Remuneration Report for details.
Offer of shares or granting of options or other forms of deferred remuneration should vest over a period of time with vesting schedules, whereby only a portion of benefits can be exercised each year.	✓	Under the company's Share Option Plan, Participants can exercise their options to purchase Company's shares two years after grant. Under the company's Performance Share Plan, performance shares vest in accordance with a vesting schedule only if the performance targets are met.
Directors should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.	✓	Under the company's Performance Share Plan, Participants are required to retain 50% of shares released to them for at least one calendar year from vesting date.
8.5 The company should be aware of pay and employment conditions within the industry and in comparable companies when setting remuneration packages.	✓	The company's compensation is made up of four components – fixed pay, short-term incentives, long-term incentives and benefits. The fixed salary is pegged to the 50th percentile of the reference market in the Singapore banking and financial services.
8.6 Notice periods in service contracts should be set at a period of six months or less.	✓	All executive directors have in their service contracts notice periods of six months or less.

PRINCIPLE 9: Disclosure of Remuneration

The company should provide clear disclosure of its remuneration policy, level and mix of remuneration and the procedures for setting remuneration in the company's annual report to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
9.1 The company should, as best practice, disclose in the annual report, the remuneration of each individual director and at least five top key executives (who are not directors) of the company.	✓	Please refer to the Remuneration Report section of the Annual Report for disclosure of the remuneration of the executive directors and the five top-earning executives.
9.2 The annual report should set out the names of directors and at least the top five key executives (who are not also directors) earning remuneration which falls within bands of \$250,000, with a breakdown (in percentage terms) of each director's remuneration earned through base/fixed salary, variable or performance-related income/ bonuses, benefits-in-kind, and stock options granted and other long-term incentives. Companies are encouraged, as best practice, to fully disclose the remuneration of each individual director.	✓	<p>Our Remuneration Report sets out all the details of the remuneration of key executives and directors.</p> <p>Previously we disclosed the remuneration of the top key executives in bands of \$150,000. From this year, we are disclosing the remuneration of the five top-earning executives in actual figures, with a breakdown in terms of fixed pay, bonus, long-term incentive and benefits-in-kind.</p>
9.3 The annual report should disclose, on a no-name basis with clear indication of which director or the CEO the employee is related to, remuneration details of employees who are immediate family members ⁴ of a director or the CEO whose remuneration exceeds \$150,000 during the year.	✓	Based on disclosures and checks conducted, none of the current employees/directors are related to each other.
9.4 The annual report should also contain details of employee share schemes to enable shareholders to assess the benefits and potential cost to the company.	✓	The details of employee share schemes are contained in the Directors' Report.
The important terms of the share schemes, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted, should be disclosed.	✓	The details of employee share schemes are contained in the Directors' Report.

⁴ As defined in the Listing Manual of the Singapore Exchange to mean the spouse, child, adopted child, step-child, brother, sister and parent.

PRINCIPLE 10: Accountability

The board should present a balanced and understandable assessment of the company’s performance, position and prospects.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
10.1 The board’s responsibility to provide a balanced and understandable assessment of the company’s performance, position and prospects extends to interim and other price sensitive public reports and reports to regulators (if required).	✓	The board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 30 days of the end of the quarter. Annual results are released within 45 days of the financial year-end. In presenting our annual and quarterly financial statements to shareholders, the board aims to provide shareholders with a balanced and clear assessment of the company position and prospects.
10.2 Management should provide all members of the board with management accounts which present a balanced and understandable assessment of the company’s performance, position and prospects on a monthly basis.	✓	Management provides directors with a monthly financial management report which includes the management accounts, other financial statements and an analysis of the company’s performance. The report is submitted within 20 days of the month-end.

PRINCIPLE 11: Audit Committee

The board should establish an audit committee (“AC”) with written terms of reference which clearly set out its authority and duties.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
11.1 The AC should comprise at least three directors, all non-executive, the majority of whom, including the chairman, should be independent.	✓	The AC is chaired by Mr Ho Tian Yee and comprises four members, all of whom are independent NEDs based on the Code’s criteria. In compliance with the requirements of the SFR 2005, at least three members of the AC are independent from management and business relationships, and a majority are independent directors as defined under the SFR 2005.
11.2 The board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members should have accounting or related financial management expertise or experience.	✓	The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC’s responsibilities.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
11.3 The AC should have explicit authority to investigate any matter within the terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend AC meetings, and reasonable resources to enable to discharge the functions properly.	✓	The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, management and full discretion to invite any director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.
11.4 The duties of the AC should include:- (a) Review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the company, the AC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money; (b) Review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company’s financial performance;	✓ ✓	The AC reviews the scope and results of audit work carried out by external auditors, the cost effectiveness of the audit, and the independence and objectivity of the external auditors. The AC also undertakes regular reviews of the nature, extent and costs of non-audit services provided by the external auditors, seeking to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money services. The AC meets on a quarterly basis to review the quarterly and audited annual financial statements and related disclosures, integrity of financial reporting of the company including accounting principles. The AC approves, on behalf of the board, each of the first three quarterly financial statements and corresponding SGXNET announcements. The AC recommends to the board for approval, the annual financial results and related SGXNET announcements.
(c) Review the adequacy of the company’s internal controls;	✓	The AC reviews and assesses the adequacy and effectiveness of the company’s system of internal controls and management information systems through discussions with management, the Head of Internal Audit and the external auditor at its quarterly AC meetings.
(d) Review the effectiveness of the company’s internal audit functions;	✓	The AC considers and reviews with management and the Head of Internal Audit: <ul style="list-style-type: none">significant internal audit observations and management’s responses thereto;any changes required in the planned scope of the Head of Internal Audit annual audit plans and any difficulties encountered in the course of the reviews, including any restrictions on the scope of Internal Audit’s work or access to required information; andthe Internal Audit’s budget and staffing.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
(e) Make recommendations to the board on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor.	✓	The AC recommends to the board the appointment, reappointment and removal of the external auditors, and approves the remuneration and terms of engagement of the external auditors.
11.5 The AC should meet with the external auditors and the internal auditors, without the presence of the company's management, at least annually.	✓	At least once a year, the AC meets with the internal and external auditors without the presence of management to review any matter that might be raised privately.
11.6 The AC should review the independence of the external auditors annually.	✓	The AC has received the requisite information from the external auditors evidencing the latter's independence. It has also reviewed the volume and nature of non-audit services provided by the external auditors during the current financial year. Based on this information, the AC is satisfied that the financial, professional and business relationships between the company and the external auditors will not prejudice the independence and objectivity of the external auditors.
11.7 The AC should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up action.	✓	We have in place a whistleblowing framework where staff of the company can access the Chairman, CEO, AC chairman, members of the EXCO, the Head of Internal Audit and the Head of Human Resources to raise concerns about improprieties. Contact details of these persons have been made available to all staff.
11.8 The board should disclose the names of AC members and the details of the AC's activities in the company's annual report.	✓	In the review of the financial statements for the year ended 30 June 2007, the AC discussed with management and the external auditors the accounting principles that were applied and their judgement of items that might affect the financial statements. Based on the review and discussions, the AC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore accounting standards in all material aspects.

PRINCIPLE 12: Internal Controls
The board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
12.1 The AC should, with the assistance of internal and/or public accountants ⁵ , review the adequacy of the company's internal financial controls, operational and compliance controls and risk management policies and systems established by the management at least annually.	✓	Internal and external auditors conduct regular reviews of the system of internal controls and significant internal control weaknesses are brought to the attention of the AC and to senior management for remedial action. Additionally the Risk Management Committee ("RMC") would be notified of deficiencies in the risk management processes.
12.2 The board should comment on the adequacy of the internal controls, including financial, operational and compliance controls, and risk management systems in the company's annual report.	✓	The RMC reviews and approves the appropriate risk appetite for the company to achieve its business strategy. We have in place an enterprise-wide risk management framework to enhance its risk management capabilities. The key risks facing the company have been identified and action plans have been put in place to attempt to mitigate these risks. Risks have been identified at the process levels and controls have been put in place to mitigate these risks. Additional controls will be implemented where necessary. Awareness and ownership of risks and controls by the relevant business and support functions are continuously instilled. In accordance with the approved Internal Audit year plan, our Internal Audit (IA) will perform independent reviews of the risks and controls identified to provide reasonable assurance to management and the AC that the risks and controls have been adequately addressed.

⁵ Provided the public accountant is also the external auditor of the company.

PRINCIPLE 13: Internal Audit

The company should establish an internal audit function that is independent of the activities it audits.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
13.1 The Internal Auditor’s (“IA”) primary line of reporting should be to the chairman of the AC although the IA would also report administratively to the CEO.	✓	IA is an independent function within the company which reports direct to the AC on audit matters, and to the CEO on administrative matters.
13.2 The IA should meet or exceed the standards set out by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	✓	Based on the review conducted by a qualified and independent external reviewer, IA meets all the 46 International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.
13.3 The AC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff.	✓	IA operates within the framework stated in its Internal Audit Charter which is approved by the AC. Its mission is to provide independent, objective assurance and consulting services designed to add value and improve our operations. It helps us achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes. The AC is satisfied that IA has adequate resources to perform its functions, and has appropriate standing within the company.
13.4 The AC should, at least annually, ensure the adequacy of the internal audit function.	✓	IA plans its internal audit schedules annually in consultation with, but independent of, management and its plan is submitted to and approved by the AC.

PRINCIPLE 14: Communication with Shareholders

Companies should engage in regular, effective and fair communication with shareholders.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
14.1 The company should regularly convey pertinent information, gather views or inputs, and address shareholders’ concerns. Information should be descriptive, detailed and as forthcoming as possible and avoid boilerplate disclosures.	✓	We adopt the practice of regularly communicating major developments in our businesses and operations through SGXNET and where appropriate, also direct to shareholders, other investors, analysts, the media, the public and our employees. We also hold annual Investor Relations open days where shareholders are briefed on the performance prospects of the company and are given the chance to meet with SGX senior management.
14.2 The company should disclose information on a timely basis. Investors (retail and institutional) should be entitled to the same level of communication and disclosure. If information is inadvertently disclosed to one group, it should be made public as soon as possible.	✓	We issue announcements through SGXNET and news releases on an immediate basis where required under the Listing Manual. We do not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released either before, or concurrently with, such meetings. All materials on our quarterly financial results, and webcasts of our half-year and full-year results briefings for analysts and media, are available on our website. For details on our communication with shareholders, please refer to Investor Relations in the Operating and Financial Review section of the Annual Report.

PRINCIPLE 15: Greater Shareholder Participation

The company should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
15.1 Shareholders should have the opportunity to participate effectively and to vote at AGMs, whether in person or in absentia.	✓	Our Articles of Association allow a shareholder to appoint up to two proxies to attend and vote in his place at general meetings. Prior to each AGM, a shareholders' forum is made available on our website to facilitate communication between shareholders on matters that concern them. Our AGM procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval.
The company is encouraged to make the appropriate provisions in the Articles of Association to allow for absentia voting methods such as by mail, email, fax, etc, if the shareholders so consent.	✓	
15.2 There should be separate resolutions at general meetings on each substantially separate issue.	✓	See the agenda items in the Notice of Annual General Meeting.
The company should avoid bundling resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the company should explain the reasons and material implications.	✓	All our resolutions at our general meetings are single item resolutions.
15.3 The chairpersons of the AC, NC and RC should be present and available to address questions at general meetings.	✓	The board and management are on hand at general meetings to address questions by shareholders.
The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	✓	The external auditors are present to assist the board and address shareholders' queries.

Guidelines of the 2005 Code	Compliance	SGX Corporate Governance practices related to principle
15.4 The company is encouraged to amend the Articles of Association to avoid imposing a limit on the number of proxies for nominee companies so that shareholders who hold shares through nominees can attend AGMs as proxies.	✓	We do not have a specific limit in our Articles of Association on the number of proxy votes for nominee companies. However, there is a limit for the number of proxies for all shareholders to two. This is because we cannot create separate classes of rights for shareholders. Also, under current law, on a show of hands, only one vote is counted per shareholder. As and when the law allows for nominee companies to have more than one vote on a show of hands, SGX will increase the number of proxies for nominee companies to more than two.
15.5 The company is encouraged to prepare minutes or notes of general meetings, which include substantial comments or queries from shareholders and responses from the board and make the minutes or notes available to shareholders upon their request.	✓	All minutes of general meetings, and a summary of the questions and answers raised at general meetings are publicly available on our website. In our 2006 AGM/EGM we announced (at the meeting) the number of proxy votes for and against each resolution, after each vote by hand. In our May 2007 EGM, we went one step further by making an SGXNet announcement of proxy vote results, which we shall continue to do. Disclosure of results of proxy votes acknowledges the views of shareholders and enhances the quality of disclosure to shareholders.
The company is encouraged to adopt best practices set out in the Operating and Financial Review (OFR) Guide and disclose information when preparing the operating and financial review in the annual reports. This will be effective for all AGMs held on or after 1 January 2007.	✓	

16: Code on Share Dealing and Interested Person Transactions policy

This is not a requirement under the Code.

- 16.1 SGX has adopted internal codes which prohibit dealings in SGX's securities by directors and employees and their "connected persons" for a period of just over one month before the announcement of SGX's quarterly or half-yearly financial results. For year-end results, the period of prohibition is just over two months. Staff or their "connected persons" who want to trade securities of any company listed on SGX-ST must seek prior approval from management. The board and management believe that SGX has not only complied with the SGX-ST Best Practices Guide but with industry best practices.

Composition Requirements for Board and Board Committees and Compliance with Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005

No.	Board/Committee	SFR Reg No.	Composition Requirements				Are composition requirements currently fulfilled
			Independent from management and business relationships	Independent Directors*	Independent from any single substantial shareholder	Additional requirements	
1.	Board of Directors	6	Majority	One-third	Majority	N.A.	Yes
2.	Audit Committee	14	3 directors	Majority (including AC chairman)	N.A.	Must comprise at least 3 directors	Yes
3.	Nominating Committee	9	Majority	One-third	Majority	Must comprise at least 5 directors	Yes
4.	Remuneration Committee	13	Majority (including RC chairman)	One-third	Majority	Matters referred to in regulation 3(3)(c), (d) and (e) do not apply to at least 3 directors	Yes
5.	Risk Management Committee	7	N.A.	One-third	Majority	N.A.	Yes
6.	Conflicts Committee	15	3 directors	N.A.	Majority	Must comprise at least 3 directors	Yes

* independent from management and business relationships, and from any substantial shareholder

ASSESSMENT OF INDEPENDENCE OF INDIVIDUAL DIRECTORS

All references to Regulations are a reference to the regulations of the Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005 ("SFR 2005")

The SFR 2005 can be obtained from www.agc.gov.sg

No.	Name of Director	Independence status under SFR 2005	Independence status under Code of Corporate Governance 2005	Reg 3(1)(a)	Reg 3(1)(b)	Reg 4
				Independent from management relationship	Independent from business relationship	Independent from substantial shareholder
1.	J Y Pillay	Non-independent	Non-independent	Management	Management	Yes
2.	Hsieh Fu Hua	Non-independent	Non-independent	Management	Management	Yes
3.	Low Check Kian	Independent	Independent	Yes	Yes	Yes
4.	Chew Choon Seng	Independent	Independent	Yes	Yes	Yes
5.	Euleen Goh Yiu Kiang	Independent	Independent	Yes	Yes	Yes
6.	Ho Tian Yee	Independent	Independent	Yes	Yes	Yes
7.	Lee Hsien Yang	Independent	Independent	Yes	Yes	Yes
8.	Loh Boon Chye	Non-independent ¹	Independent	Yes	No	Yes
9.	Ng Kee Choe	Independent	Independent	Yes	Yes	Yes
10.	Olivia Lum Ooi Lin	Independent	Independent	Yes	Yes	Yes
11.	Robert Owen	Independent	Independent	Yes	Yes	Yes
12.	Tang Wee Loke	Non-independent ²	Independent	Yes	No	Yes

Notes:

¹ Loh Boon Chye is non-independent by virtue of Reg 3(1)(b) as he is employed by Deutsche Bank Group which wholly owns Deutsche Futures Singapore Pte Ltd., an SGX member firm.

² Tang Wee Loke is non-independent by virtue of Reg 3(1)(b) as he is employed by UOB Kay Hian Pte Ltd, an SGX member firm.

DIRECTORS’ MEETING ATTENDANCE REPORT

Name of Director	SGX Board		Audit Committee		Nominating Committee		Remuneration Committee		Risk Management Committee		Conflicts Committee	
	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended
J Y Pillay	7	6	4	3 *	3	3	2	2 *	4	3 *,1	2	2 *
Hsieh Fu Hua	7	7	4	4 *	3	3 *	2	2 *	4	4 *,1	2	2 *
Low Check Kian	7	3	–	–	3	3	2	2	–	–	2	1
Chew Choon Seng	7	7	–	–	–	–	2	2	–	–	–	–
Euleen Goh Yiu Kiang ²	7	6	–	–	–	–	–	–	4	2	2	2
Ho Tian Yee	7	7	4	4	3	3	–	–	4	3	–	–
Lee Hsien Yang	7	7	4	4	3	1 ³	–	–	–	–	–	–
Loh Boon Chye	7	4	4	4	3	3	–	–	4	4	–	–
Olivia Lum Ooi Lin	7	1	4	4	3	1 ³	2	2	–	–	2	1
Ng Kee Choe	7	7	–	–	3	3	2	2	4	4	–	–
Robert Owen	7	3	–	–	3	1 ³	–	–	4	3	2	2
Tang Wee Loke	7	7	4	1 ⁴	–	–	–	–	4	3 ⁴	–	–
Mr Geoffrey Wong Ee Kay ⁵	7	0	4	1	–	–	2	1	–	–	–	–

Notes:
* By invitation
¹ Resigned from Risk Management Committee on 29 September 2006
² Appointed to the SGX Board, Conflicts and Risk Management Committee on 29 September 2006
³ Attended Nominating Committee meeting in May 2007 by invitation
⁴ Resigned from the Audit Committee and appointed to the Risk Management Committee on 29 September 2006
⁵ Resigned from the SGX Board, Audit and Remuneration Committee on 29 September 2006

REMUNERATION REPORT

The function of the Remuneration Committee (the Committee) is to consider and determine, within its terms of reference, all matters concerning the remuneration programme for directors and senior management. The Committee comprises the following independent directors:

Ng Kee Choe (Chairman)
Chew Choon Seng
Low Check Kian
Olivia Lum Ooi Lin

COMPENSATION PHILOSOPHY

SGX adopts a pay-for-performance compensation philosophy that is built upon organisational and individual performances. For this purpose, both external and internal equity are important in developing, administering and maintaining the reward programmes.

COMPENSATION MIX

Our compensation framework is made up of four key components:

- Fixed pay;
- Benefits;
- Short-term incentives; and
- Long-term incentives.

Fixed pay

Fixed pay comprises a base salary, annual wage supplement (for non-executives only) and fixed allowances. Our guaranteed base is pegged to the 50th percentile of the reference market, in the Singapore banking and financial services industry.

Benefits

Benefits provided for employees are comparable with local market practices. These include medical, dental, club membership and group insurances.

Short-term incentives

Short-term incentives take the form of an annual variable cash bonus. The variable bonus pool comprises two components:

- (i) a budgeted portion; and
- (ii) a funded portion calculated using the formula:
A percentage of [net profit before tax – (weighted average cost of capital) x (total shareholders’ funds)]

The allocation of the variable bonus is based on the individual performance of employees and their contribution towards the achievement of SGX’s performance. The Committee reviews and approves the variable bonus pool to be awarded.

Long-term incentives

Following the adoption of the SGX Performance Share Plan (the Plan) at the Extraordinary General Meeting on 22 September 2005 (EGM 2005), the Committee terminated the SGX Share Option Plan (the Scheme) with respect to the grant of further options. However, options granted and outstanding prior to termination will continue to be valid and subject to the terms and conditions of the Scheme. The Plan rewards the senior management team in SGX.

High-performing and high-potential mid-level executives who are not eligible for the Plan will be eligible for the Deferred Long-Term Incentives scheme based on individual and company performance. These incentives serve to enhance SGX’s overall compensation package and strengthens the company’s ability to reward and retain employees.

The SGX Performance Share Plan

The Plan is a share-based incentive scheme administered by the Committee.

It was established with the objective of rewarding, motivating, and retaining key senior executives to achieve superior performance. Through the Plan, SGX will be able to recognise and reward past contributions and services, and motivate participants to continue to strive for SGX’s long-term prosperity.

The Committee may decide to make an award under the Plan either in the form of shares or in cash (based on the market value of shares on vesting date) or a combination of both.

Restrictions

The total number of new SGX shares which may be issued pursuant to awards granted under the Plan on any date, when added to the total number of new shares issued and issuable in respect of all awards granted under the Plan, and all options granted under the Scheme, shall not exceed 10% of SGX’s issued shares on the day preceding the relevant date of award.

Participants are required to retain 50% of the total number of shares that are released to them for at least one calendar year from the vesting date. Failure to comply with this requirement may result in disqualification from further participation in the Plan and other share-based incentive plans SGX may operate.

Eligibility

Selected senior management employees who have attained the rank of Vice President, job grade 2 and above are eligible to participate in the Plan.

Performance Share Plans for FY2006 and FY2007

The Committee has approved the Performance Share Plans for FY2006 and FY2007, and has absolute discretion in the granting of performance shares. Details are as follows:

Financial Year (FY) 2006 Grant

The number of SGX shares to be awarded to each Participant will be based on the achievement of Return on Equity as the performance target over a two-year period from 1 July 2005 to 30 June 2007.

ROE (Weight = 100%)	
Average over 2FYs (%)	Payout % (% base allocation)
At > 35%	150%
Above Target: > 25% up to 35%	Additional 5% payout for each incremental ROE of 1%
At Target: 25%	100%
Below Target: < 25%	Nil

Under the FY2006 grant, 50% of the performance shares vested on 30 June 2007 and the balance 50% (comprising 1,252,500 shares), will vest on 30 June 2008. Shares purchased from the open market will be used to fulfil the obligations under the grant.

Below are details of the shares granted to Participants of the FY2006 grant:

Participants (as defined under the Plan)	Balance as at 01.07.2006	Shares granted/ adjusted during the financial year ¹	Shares lapsed during financial year	Shares vested during financial year ⁴	Balance as at 30.06.2007
Directors’ Interests					
Hsieh Fu Hua ²	440,000	220,000	–	(330,000)	330,000
EXCO members					
Gan Seow Ann ²	160,000	80,000	–	(120,000)	120,000
Seck Wai Kwong ²	160,000	80,000	–	(120,000)	120,000
Linus Koh Kia Meng ²	120,000	60,000	–	(90,000)	90,000
Yeo Lian Sim ²	120,000	60,000	–	(90,000)	90,000
Daniel Tan Bak Hiang ²	100,000	50,000	–	(75,000)	75,000
Chew Hong Gian	85,000	42,500	–	(63,750)	63,750
Robert W van Zwieten ³	35,000	8,750	(17,500)	(26,250)	–
Other staff					
	530,000	242,500	(45,000)	(363,750)	363,750
	1,750,000	843,750	(62,500)	(1,278,750)	1,252,500

¹ The number of shares awarded during the financial year represents an additional 50% payout as a result of achievement of the pre-set performance target over the performance period.
² Received more than 5% of the total FY2006 grant available.
³ Only 50% of the FY2006 grant was awarded to Robert W van Zwieten as his last day of service with the Company was 30 June 2007.
⁴ Performance shares vested on 30 June 2007 will be distributed after 30 June 2007.

Financial Year (FY) 2007 Grant

The FY2007 grant will vest upon achievement of the following measures over a three-year performance period commencing 1 July 2006 to 30 June 2009:

- (i) Average Return on Equity (ROE);
- (ii) SGX Total Shareholder Return (TSR) against Straits Times Index (STI) TSR; and
- (iii) Absolute Total Shareholder Return.

ROE (Weight = 50%)		+	SGX TSR against STI TSR (Weight = 25%)		+	Absolute TSR (Weight = 25%)	
Average over 3FYs (%)	Payout % (% base allocation)		Average spread over 3FYs (%)	Payout % (% base allocation)		Average over 3FYs (%)	Payout % (% base allocation)
Above Target: ≥35%	150%		Above Target: ≥10.0%	150%		Above Target: ≥COE* +9%	150%
Target: 30%	100%		Target: 6.5%	100%		Target: COE* +6%	100%
Threshold: 25%	50%		Threshold: 3.0%	50%		Threshold: COE* +3%	50%
Below Threshold: <25%	Nil		Below Threshold: <3.0%	Nil		Below Threshold: <COE* +3%	Nil

* COE represents cost of equity.

For an achievement between the Threshold and Above Target performance levels, the payout % will be prorated on a straight-line basis.

The performance shares will vest on 2 November 2009. Below are details of the shares granted to the Participants:

Participants (as defined under the Plan)	Shares granted during financial year ¹	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2007
Directors’ Interests				
Hsieh Fu Hua ²	415,000	–	–	415,000
EXCO members				
Gan Seow Ann ²	155,000	–	–	155,000
Seck Wai Kwong ²	155,000	–	–	155,000
Linus Koh Kia Meng ²	100,000	–	–	100,000
Yeo Lian Sim ²	100,000	–	–	100,000
Daniel Tan Bak Hiang	80,000	–	–	80,000
Chew Hong Gian	80,000	–	–	80,000
Other staff				
	575,000	(25,000)	–	550,000
	1,660,000	(25,000)	–	1,635,000

¹ The number of shares represents the shares required if Participants are awarded at 100% of the grant. However, the shares awarded on the vesting date could range from 50% to 150%, depending on the level of achievement against the performance targets. There shall be no award if the achievement falls below the threshold performance level.

² Received more than 5% of the total FY2007 grant available.

DISCLOSURE ON DIRECTORS’ REMUNERATION

The following table shows the gross remuneration of the two executive directors and 11 non-executive directors of SGX for FY2007.

Executive Directors	Fixed pay \$	Bonus \$	Long-term incentive ¹ \$	Benefits-in-kind \$	Total gross remuneration \$
J Y Pillay	543,808	1,600,000	–	69,234	2,213,042
Hsieh Fu Hua	754,952	4,500,000	1,054,020	71,413	6,380,385

¹ First partial vesting of the Performance Share Plan for FY2006 based on fair value on the grant date. The performance shares will be distributed after 30 June 2007.

Non-Executive Directors	Directors’ fees \$
Low Check Kian	81,800
Chew Choon Seng	58,800
Euleen Goh Yiu Kiang	54,000
Ho Tian Yee	96,400
Lee Hsien Yang	64,400
Loh Boon Chye	91,000
Ng Kee Choe	76,800
Olivia Lum Ooi Lin	90,200
Robert Owen	73,800
Tang Wee Loke	63,700
Geoffrey Wong Ee Kay	16,900

DISCLOSURE ON FIVE TOP-EARNING EXECUTIVES’ REMUNERATION

We have decided to change the format of declaration of gross remuneration received by our senior management. Previously, the entire EXCO remuneration was reported in bands of \$150,000. With effect from the financial year ended 30 June 2007, we will disclose the actual amount of gross remuneration for our five top-earning executives.

The following table shows the gross remuneration of the five top-earning executives for the financial year ended 30 June 2007.

Name of executives	Fixed pay \$	Bonus for FY2007 ¹ \$	Long-term incentive ² \$	Benefits-in-kind \$	Total gross remuneration \$
Gan Seow Ann	410,185	1,300,000	383,280	2,064	2,095,529
Seck Wai Kwong	407,231	1,200,000	383,280	3,969	1,994,480
Yeo Lian Sim	404,948	900,000	287,460	2,064	1,594,472
Linus Koh Kia Meng	407,705	700,000	287,460	3,717	1,398,882
Daniel Tan Bak Hiang	348,287	650,000	239,550	1,560	1,239,397

¹ Previously, the bonuses disclosed were based on actual payments made in the financial year relating to the performance of the preceding year. From this year, bonuses will be disclosed for performance in the financial year as indicated.

² First partial vesting of the Performance Share Plan for FY2006 based on fair value on the grant date. The performance shares will be distributed after 30 June 2007.

OUR STRONG OPERATIONS

Our strong growth is made possible by strong operations. From product diversification and development, to technology management and alliances, the SGX team keeps your Asian Gateway working and growing.

OPERATING AND FINANCIAL REVIEW

Just as Singapore has grown by serving as a destination and gateway for global investments in the region, SGX is rapidly growing through our role as your Asian Gateway.

OVERVIEW

SGX owns and operates the only integrated securities and derivatives exchange in Singapore, together with related clearing houses and a central depository. Under our vertically integrated structure, we provide a platform for local and foreign companies to raise capital, act as a regional centre for managing risk through our suite of Asian derivatives products, and offer clearing, settlement and depository services. Managing the entire value chain – from trading to depository – enables us to provide end-to-end services and enhances our revenue streams.

We serve a wide array of investors, including many of the world’s largest financial institutions and are among the most innovative exchanges in technological and new product development. SGX was named Exchange of the Year, Asia 2007, at the Energy Risk Awards, and The Business Times Corporate Transparency Index also continued to rank SGX among Singapore’s top 20 companies.

By establishing alliances and partnerships with other exchanges and introducing new products to meet the changing needs of the international and domestic financial communities, SGX is definitively your Asian Gateway.

COMPETITIVE LANDSCAPE

In the last 12 months, consolidation and alliances among exchanges continued to gain momentum. The merger and acquisition landscape is seen transitioning from national to cross-border and global consolidations. Exchanges are exploring opportunities to extend their product offerings and distribution, achieve scale and deepen liquidity in response to increased competition, both among exchanges and over-the-counter. The migration towards full electronic trading and changes in the regulatory frameworks in Europe and the United States also act as catalysts to the process.

In Asia, merger and acquisition activities were limited to consolidation of national exchanges as well as capital alliances in the form of strategic equity participation. There have also been active discussions on various products and services collaboration as Asian exchanges seek to compete in an increasingly globalised marketplace while maintaining their national identities.

Fuelled by strong growth of the Asian economies and the implementation of financial reforms in China, the surge in capital raising activities around the region has presented great opportunities for Asian exchanges to expand their securities markets. The increased sophistication of retail investors in Asia has also led to the growing proliferation of emerging asset and product classes such as REITs, business trust structures, ETFs and structured warrants.

CORPORATE STRATEGY

Building SGX as an enduring marketplace (Fig 1) in Asia continues to underscore our strategic direction. We are committed to serve our customers and deliver growing returns to our shareholders through three key strategic objectives:

- Strengthening our Asian Gateway proposition;
- Growing our Domestic Market; and
- Delivery Excellence.

Developing and sustaining our position as an Asian Gateway is a major thrust of our

strategy as we seek to strengthen our competitive edge, both as an Asian listings platform and a risk management centre. The push for domestic growth has gained momentum with concerted investor education programmes and new product offerings targeted at the retail market. The more intense competitive environment has also compelled a sharper focus on delivery excellence as we exploit operational and technological efficiencies to develop a post-trade processing hub offering a comprehensive suite of back-office processing capabilities for market participants.

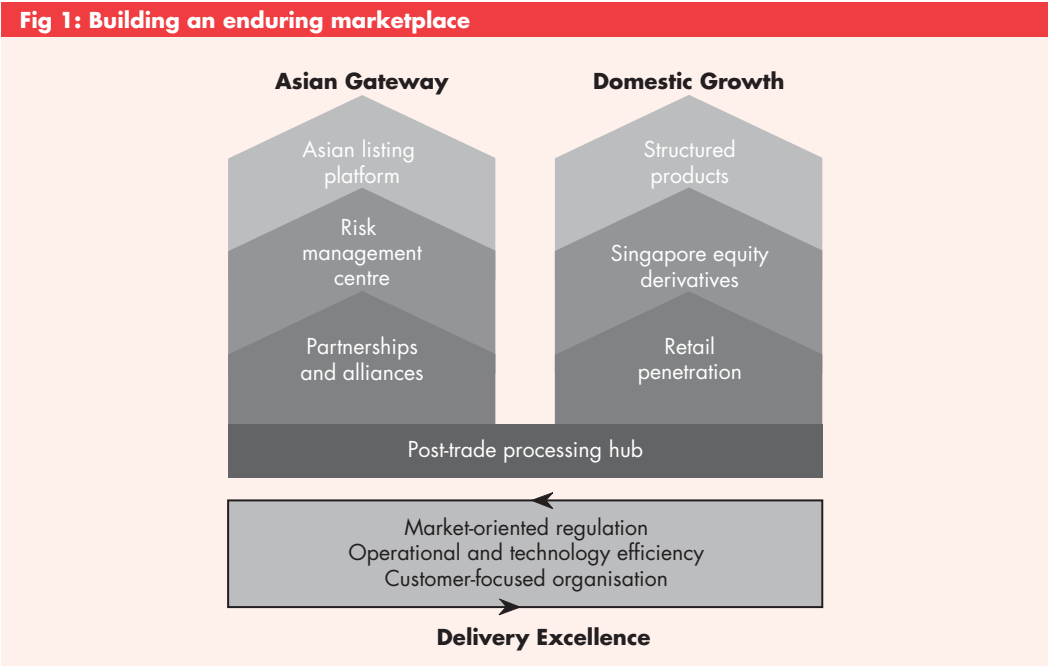
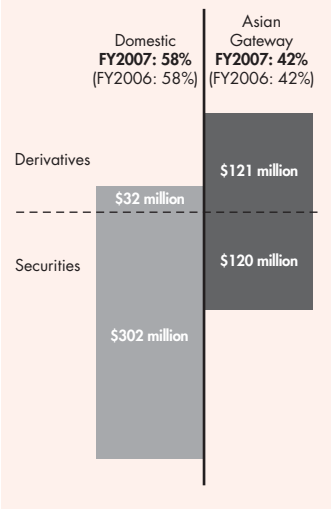


Fig 2: Asian Gateway revenue*



* internal estimates

YOUR ASIAN GATEWAY

SGX is increasingly recognised as an Asian financial gateway. Our comprehensive suite of Asian-based derivatives and securities products offers international market players convenient access to the dynamic fast-growing Asian markets, and also enables our customers in Asia to gain exposure to the global market.

Foreign listings and offshore derivatives contributed 42% to our operating revenue. This demonstrates the success of our Asian Gateway strategy (Fig 2).

The Asian Gateway is supported by three main pillars:

- Developing an Asian platform for growth companies seeking an international listing venue for their capital-raising needs, as well as for financial institutions to list structured products;

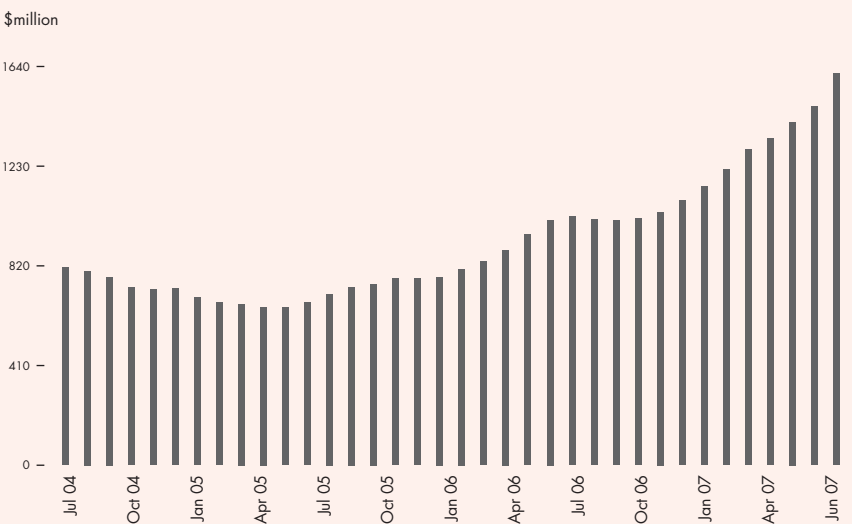
- Providing a centre for customers to manage their risk and trading needs in the Asian time zone; and
- Forging strategic partnerships and alliances to achieve greater synergies and efficiencies. This enables us to deliver a broader array of products and services with a shorter time-to-market.

An Asian listings platform

Riding on the strength and growth of the regional economies, our securities markets saw significant growth with higher turnover velocity of 65% (FY2006: 58%).

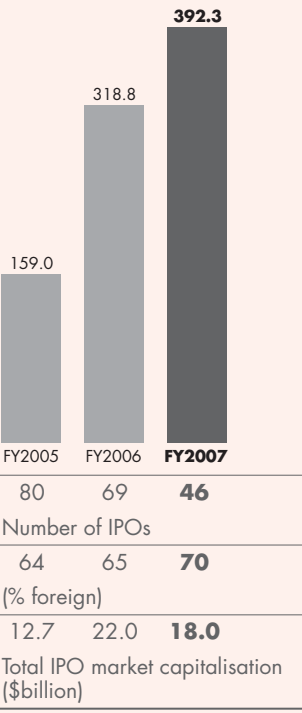
The Straits Times Index (STI) closed at 3,548 on 29 June 2007. This was 18.8% above the previous year. A total of 425.7 billion shares were traded in FY2007 (FY2006: 224.9 billion) with a daily average trading value of \$1.60 billion, a 56.9% increase from \$1.02 billion in FY2006 (Fig 3).

Fig 3: Securities daily average trading value*



* based on a moving 12-month average

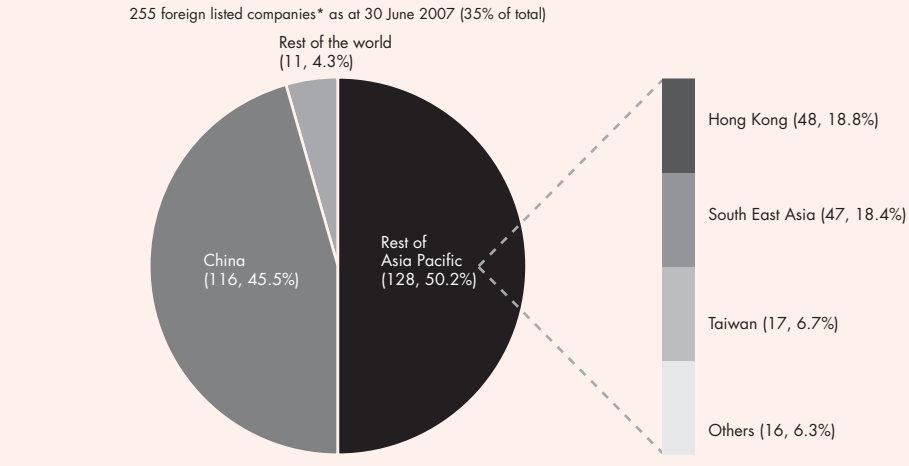
Fig 4: Average IPO market capitalisation (\$million)



As at 29 June 2007, the total number of listed companies on SGX stood at 722 with a total market capitalisation of \$773.3 billion, up 65.9% from the previous financial year (FY2006: \$466.1 billion). A total of 120 listed companies had a market capitalisation of above \$1.0 billion each, as compared to 79 a year ago.

This year saw 50 new listings¹ on SGX, worth a total of \$21.9 billion in market capitalisation. The average market capitalisation of these companies² continued to grow, from \$382 million in FY2006 to \$446 million in FY2007. Foreign companies contributed 70% of Initial Public Offerings (IPOs) in FY2007, up from 65% the previous year (Fig 4). This is in line with our strategic efforts to attract more foreign companies.

Fig 5: Asian listings platform



* excludes inactive secondary listings

¹ includes Initial Public Offerings and Reverse Takeovers
² excludes 1 GDR listing

South East Asia listings

The year saw eight companies from South East Asia listed on SGX. Of these, four had an IPO with a market capitalisation of above \$1.0 billion each. We will continue to facilitate new listings from Vietnam, Indonesia, Thailand and Malaysia. In total, South East Asia listings accounted for 18.4% of foreign listings (Fig 5).

Quality listings from China

A notable characteristic of the new listings from China was the increase in their average size. As at end of FY2007, their average market capitalisation had more than doubled year-on-year, from \$174.5 million to \$487.8 million. The average funds raised more than tripled, from \$43.4 million to \$146 million.

As of 30 June 2007, a total of 116 or 16% of companies listed on SGX were from China, accounting for market capitalisation of \$63 billion, as compared with \$26 billion in FY2006.

The MOUs we have signed with the provincial and municipal authorities in China are reaping results. Of the 16 Chinese IPOs on SGX in FY2007, six came from provinces with whom we have MOUs. These six listings raised \$1.6 billion and contributed \$5.0 billion or 27.8% of the total IPO market capitalisation.

Capitalising on sectoral strengths

Singapore's tax-friendly and supportive regulatory framework continued to spur development of the REITs sector.

In FY2007, this sector continued to attract listings from different sectors with cross-border assets. Six REITs listed on SGX during the year brought the total market capitalisation of the sector to \$29.2 billion. They include CapitaRetail China Trust, the world's largest China REIT and First REIT (sponsored by Lippo Group), the world's first REIT in the Indonesian healthcare sector and SGX's first-ever healthcare REIT. CDL Hospitality REIT also launched the first hotel REIT listed on SGX. Looking ahead, we anticipate more REIT listings from new regions such as India, Japan, Malaysia and Indonesia.

In addition, FY2007 saw the first Infrastructure Business Trust listing on SGX, CitySpring Infrastructure Trust (sponsored by Temasek Holdings) with an initial market capitalisation of \$400.5 million. A promising sector,

Infrastructure Trusts bring a new asset class to investors. As more sponsors tap on the advantages of a Business Trust to distribute cash flows, we expect to see more such listings holding Singapore and cross-border infrastructure assets.

SGX also continued to benefit from Singapore's status as a trans-shipment hub, with four marine and offshore marine listings in FY2007. Of these, two from Europe (Rickmers and FSL) were listed as Shipping Business Trusts holding container ships, tankers and bulk carriers. This suggests that the Business Trust structure is understood and accepted by the marketplace for its strengths in distributing cash flows.

The other marine listings were Yangzijiang, one of China's largest shipbuilders, which has performed strongly since listing in April 2007, and PT Berlian, a tanker company listed in Jakarta. The latter sought an overseas listing in Singapore to enhance its international profile and broaden shareholder base. We see a strong pipeline of marine and offshore marine listings from various geographical regions looking to capitalise on our strength and understanding of the sector.

Exchange Traded Funds

SGX added another eight ETFs to its product suite in FY2007, comprising six regional equity funds and two commodity funds.

With these, SGX now covers the burgeoning major regional markets such as China, India, Taiwan, Hong Kong, Korea and Singapore. Coverage will soon expand to include other countries in the region, as well as sector-based and themed ETFs.

With the five US cross-listed ETFs whose primary listings are on American Stock Exchange (AMEX) and New York Stock Exchange (NYSE), the total number of ETFs available on SGX now stands at 16. Total value traded grew from US\$40 million in FY2006 to US\$518 million in FY2007, indicating the growing interest and traction in ETFs. The most popular ETF remains the iShares MSCI India ETF, which is traded by both institutional and retail participants. In FY2007, a total of US\$318 million in value was traded.

Global Depository Receipts (GDRs)

The first GDR, Uttam Galva Steels from India, was listed on SGX in April 2007. We expect to see more GDR listings from India and North Asia.

Transforming SESDAQ

On 23 May 2007, SGX proposed two separate sets of rules to enhance the quality of offerings on our Mainboard and SESDAQ. These changes aim to promote investor confidence and attract more quality issuers and intermediaries, enabling us to advance our Asian Gateway position, with clearly differentiated markets.

For the Mainboard, we recommended setting up a watch-list of underperforming companies to keep investors informed of their status. Through this, we hope to galvanise such companies into improving their business and financial performance.

More in-depth improvements were recommended for SESDAQ. Established in 1987, SESDAQ has largely fulfilled its purpose of meeting the fundraising needs of

local small and medium enterprises. In a recent market study, our survey of market participants' requirements and review of other market models led us to conclude that SESDAQ must improve its offering in order to achieve further long-term growth.

In view of this, SGX proposed a new, sponsor-supervised regime for SESDAQ, with a shorter time-to-market and greater flexibility for secondary fund raising and corporate actions. Key safeguards would remain, for the alignment of management and shareholders' interests as well as corporate governance. The changes would help transform SESDAQ into a board for both local and foreign growth companies with a scalable model. To facilitate the transition, existing SESDAQ companies will be given at least two years to embrace the new regulatory regime.

Review of Listing Manual

As part of our ongoing efforts to keep listing rules relevant and in tandem with the growth and development of the marketplace, SGX conducted a consultation exercise in May 2007 on proposed amendments to the Listing Manual to improve transparency and market efficiency. These included proposals to allow continuous trading of cash companies, to shorten the minimum duration of trading halts to 30 minutes and to require immediate announcements of details of grants of employee share options to prevent back-dating of options.

The review underscores SGX's commitment to operate a market-oriented, transparent and well-regulated marketplace.

Improving research coverage

Our pioneering SGX-MAS Research Incentive scheme, launched in December 2003, aims to raise the profile of listed companies in Singapore through greater research coverage. As at 30 June 2007, there were 155 listed companies participating in the scheme. The scheme continues to attract more than 55,000 downloads of research reports per month.

Risk management centre

Derivatives market trading volumes for FY2007 rose 10.2% over the previous financial year. Our flagship products – the Nikkei 225, MSCI Taiwan and MSCI Singapore futures contracts – continued to register impressive growth, setting new volume and open interest records. Our indigenous MSCI Singapore futures also chalked up strong growth of 48.9% (Fig 6).

By October 2006, the SGX derivatives market had completed the migration from open outcry to electronic trading, a move which had begun two years earlier. We have since implemented a series of further enhancements to our market, in order to facilitate trading and risk management opportunities. These include the introduction of new matching algorithms, complex strategies and implied-out spreading to our Euroyen market. In December 2006, we also introduced extended trading hours for our derivatives products, to let market participants better manage their trading positions and capitalise on market opportunities that might occur during European or US trading hours.

SGX and the Chicago Mercantile Exchange (CME) renewed our landmark Mutual Offset System agreement for another three years from February 2007 to 2010. The Mutual

Offset System gives market participants the benefits of real-time clearing and inter-exchange transfer services, allowing market participants to execute their risk management programmes in an effective and timely manner. The agreement was first signed in 1984, and this extension underlines the importance of the Mutual Offset System to both exchanges and to the global derivatives marketplace.

In FY2007, the structured warrants market recorded a 49.3% growth in turnover value to \$18.8 billion, as compared to \$12.6 billion in FY2006. The number of new structured warrants listings rose 62.2% from 806 to 1,307 year-on-year. Structured warrants on regional indices and IPOs were particularly well-received by the market.

Diversifying products

To meet the different risk and investment needs of our customers, SGX remains committed to developing a diversified suite of products.

Riding on keen interest in the Japanese market, we introduced a US dollar-denominated Nikkei 225 futures contract, allowing investors more trading and arbitraging opportunities between our Yen and US dollar-based Nikkei 225 futures contracts. We also re-launched our Euroyen options with enhanced specifications during the year. We are also exploring the introduction of a suite of mini contracts to encourage overseas and local retail participation.

On 23 September 2006, we launched the SGX FTSE Xinhua China A50 index futures.

This is the first internationally available futures contract based on the largest 50 China “A” share stocks by market capitalisation.

In June 2007, SGX became the first exchange in Asia to list Certificates, when two issuers launched the Participation Certificates and Daily Lock-In Certificates, respectively. We have established a working relationship with five issue managers and are in the process of increasing this number.

Extending distribution

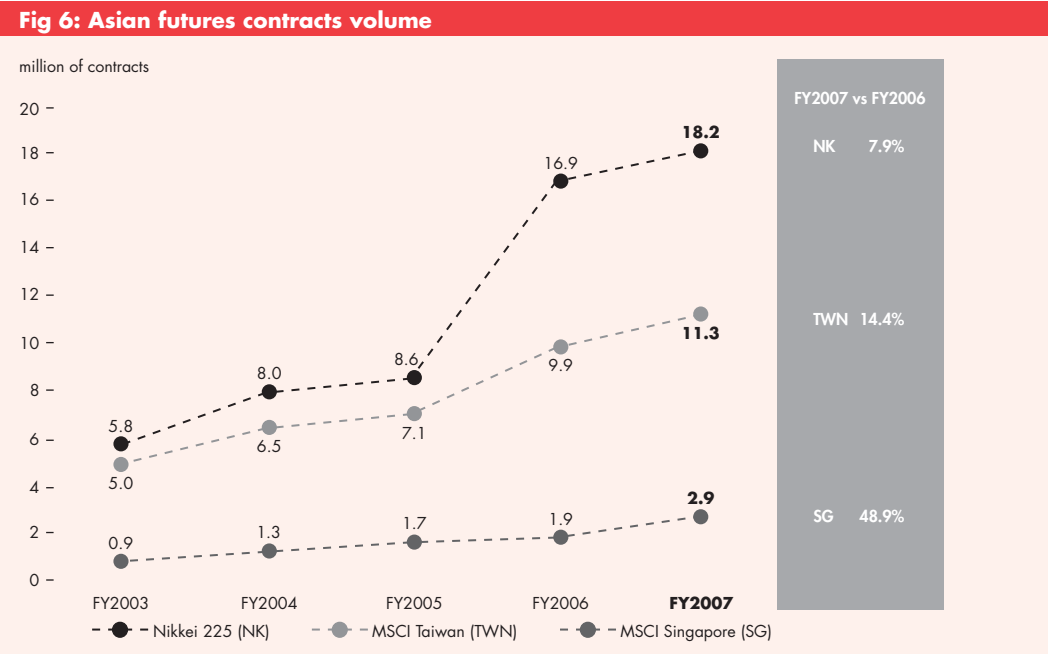
SGX already has a firm foothold amongst institutional traders globally. We now intend to extend our client base to include retail and online investors in the region as well. With a comprehensive suite of Asian products on a single platform, SGX aims to appeal to this customer segment by providing an attractive alternative market, offering both trading convenience and cost efficiency.

Strategic alliances

SGX continues to forge strategic alliances with overseas exchanges to strengthen our position as an Asian Gateway.

In FY2007, we signed Memoranda of Understanding (MOUs) with Korea Exchange, Abu Dhabi Securities Market, the Ho Chi Minh City Securities Trading Center and Hanoi Securities Trading Center.

SGX acquired a 5% stake in Bombay Stock Exchange (BSE) in May 2007 for US\$42.7 million. We will collaborate with BSE in areas relating to listings and product development, leveraging on SGX’s leading position as a regional hub for derivatives and international listings, and BSE’s strong presence in India.



On 15 June 2007, the Tokyo Stock Exchange (TSE) announced their purchase of a 4.99% stake in SGX, effectively endorsing our role as an Asian Gateway. TSE plans to seek approval from the Monetary Authority of Singapore to increase its stake to 5% to become a substantial shareholder in SGX. Together, SGX and TSE will study ways to collaborate, including establishing a derivatives trading and clearing link, with the initial focus on Japanese government bonds and TOPIX products.

GROWING OUR DOMESTIC MARKET

While SGX builds on its status as an Asian Gateway, our domestic market continues to be an important contributor to our revenue. Buoyed by bullish market conditions, retail participation in Singapore was more active in FY2007 than in the previous year. A total of 38,588 new direct individual and joint accounts were opened with the Central Depository (CDP) during the year, compared to 25,337 in FY2006. At the same time, the base of active¹ retail investors averaged 191,890 compared to 158,896 the year before.

To further bolster growth in this area, SGX has adopted a three-pronged strategy:

- to continually expand product offerings which appeal to retail investors;
- to empower individuals with knowledge of the markets; and
- to attract new securities and derivatives customers.

Product expansion and meeting market needs

The roll-out of new products is key to strengthening SGX's position as a wealth management platform in the minds of retail investors. In FY2007, we listed eight new ETFs ranging from indices to commodities. We also launched Certificates, a new product class which allows investors to invest in a yield-enhancement product whose performance is tied to the underlying shares. In addition, investors seeking yield investments could choose from 16 REITs listed on SGX.

Empowering investors

In FY2007, we organised a broad range of educational programmes, including general investment courses and product seminars for investors of all levels. For example, in order to increase investor awareness and educate retail participants on the advantages of ETFs, SGX embarked on a wide-ranging ETF campaign. This included lunch-time broker sessions, seminars, radio shows, advertisements, and an online index contest.

A total of 16 courses and 75 seminars (including 21 on ETFs, 20 on structured warrants and four on Certificates) were attended by more than 9,550 investors.

In addition to face-to-face classes, SGX employed other modes of investor education during the course of the year, such as online webcasts, e-learning programmes, articles in local dailies, and the quarterly CDP newsletter, *SGXchange*.

The SGX Call Centre, which was launched in November 2005, continues to be an important two-way communication platform for retail investors. We received over 12,485 calls via the toll-free number 1800-CALL-SGX in FY2007.

¹ Active retail investors/CDP account holders are those who have made at least one stock transaction in the preceding three months

Attracting new customers

To acquaint new investors with the stock market, we collaborated with retail brokers and business partners to launch our first online trading game, SGX StockWhiz. Between August and October 2006, over 9,400 investors participated in this risk-free challenge, using virtual cash to trade in shares. We are also making efforts to engage younger retail investors. In December 2006, we organised the first-ever 'Ministry of SGX' event at the Ministry of Sound. The programme, which included an investment quiz modelled after a television quiz show, combined fun and finance to engage the younger retail investors.

At the same time, SGX is consciously cultivating the next generation of investors. SGX already has a history of supporting the investment clubs run by students at the three local universities. In May 2007, we also worked with MoneySENSE – the national financial education programme – to introduce the SGX Inter-School StockWhiz Challenge. With the aid of online investment tools, students from selected secondary schools in Singapore learned the basics of stock investments and managing investment portfolios.

DELIVERY EXCELLENCE

SGX's focus on delivery excellence has become increasingly vital as global competition among exchanges intensifies. We maintain our customer focus, market-oriented regulation, and our operational and technological efficiency. By developing a strong post-trade processing hub, effectively managing our dual roles, and honing our technological advantage, we enhance our Asian Gateway status and build an enduring marketplace.

A post-trade processing hub

SGX is strengthening its position as a post-trade processing hub, providing a comprehensive range of clearing, settlement and depository services which leverage on SGX's processing capabilities. Through our clearing business, we are better able to maintain market integrity by managing financial exposure, and to guarantee performance of trading obligations, while our settlement and depository business allows us to provide centralised custodial settlement, payment and corporate actions processing services.

SGX AsiaClear®

SGX AsiaClear®, our OTC clearing business and facility, has secured over 120 counterparty accounts within its first year of inception. Our intensive marketing efforts in Asia have resulted in a growing pool of Asia-based counterparties using the SGX AsiaClear® facility. This has also attracted rising interest from the European players to trade and clear on SGX AsiaClear®. Through this credit mitigation facility, we have lowered the barriers for many Asian OTC oil and freight derivatives market participants to trade with an expanded pool of counterparties.

SGX AsiaClear® has also been gaining good traction in its activities with US\$1.2 billion in value of trades cleared in its first year. Four new products, including the unique Balance-of-Month Fuel Oil and Balance-of-Month Gasoil contracts, were added to our product suite in response to market feedback. Going forward, we are planning to augment our suite of 22 products to cater to the diverse and changing needs of the industry. Attesting to our value-added role in the OTC oil and freight derivatives market, SGX was named the Exchange of the Year at the Energy Risk Awards, Asia 2007.

JADE

SGX and the Chicago Board of Trade (CBOT) launched JADE (Joint Asian Derivatives Exchange) – an Asian commodity derivatives market. JADE was formed in response to demand from international players for a more accessible and consolidated platform to participate in Asia's booming but fragmented commodities markets. It leverages on the infrastructure of SGX's derivatives clearing house and the distribution of e-CBOT electronic trading platform. JADE launched the first TSR 20 Rubber futures contract, on 25 September 2006, and subsequently launched the world's first US dollar-denominated crude palm oil futures contract on 6 June 2007.

SGX Prime

SGX Prime is scheduled for launch in the third quarter of FY2008. It will provide greater operational efficiency to market participants by allowing open access to SGX post-trade systems and introducing the pre-settlement matching service to streamline securities settlement. Using internationally accepted ISO15022 messaging standards, SGX Prime will facilitate Straight-Through-Processing for market participants to increase automation and reduce operational risk.

Expanding custodial services

To expand the range of custodial services, SGX is working on the provision of collateral management services to consumer banks which are interested in leveraging on our processing capability for securitised lending.

The collateral management services will be ready in the first quarter of FY2008.

Our dual obligations

SGX is both a regulator under the Securities and Futures Act and a commercial entity. Quality regulatory standards and the management of potential Self-Regulatory Organisation (SRO) conflicts are integral to SGX's value proposition in operating its markets.

Public consultations

SGX's rulebooks form the backbone of our regulatory framework. Public feedback is an important part of the rule-making process and forms a critical SRO safeguard against SGX abusing its rule-making powers to serve solely commercial objectives. SGX regularly conducts public consultations on proposed rule changes relating to our listing, trading and clearing services. From July 2006 to June 2007, we conducted seven public consultations on significant amendments, including amendments to the Listing Rules, new rules to govern the new board, changes to the minimum bid size schedule, and enhanced error trade policies for the securities and derivatives markets.

Updated Futures Trading Rules

In September 2006, SGX introduced a revamped Futures Trading Rulebook to govern trading on SGX-DT. Major features include updated provisions to take into account SGX's complete migration from floor to screen trading, enhanced privileges to allow qualified customers to bypass pre-execution checks, and the introduction of physically deliverable futures contracts on the JADE market.

Oversight of corporate governance

On 29 May 2007, it was announced that oversight of corporate governance of listed companies would be transferred from the Council of Corporate Disclosure and Governance to the MAS and SGX, with effect from 1 September 2007. The move will clarify and streamline responsibilities for corporate governance matters for listed companies.

The Code of Corporate Governance will continue to be implemented through the SGX Listing Rules via the "comply or explain" approach. The Code, covering areas such as board matters, remuneration, accountability and audit, and communication with shareholders, will continue to complement SGX's Listing Rules which govern specific important governance matters such as related party transactions, periodic reporting and disclosure of material information.

As the frontline regulator of listed companies, SGX will continue to work closely with other stakeholders to improve effective governance of listed companies.

Our technological edge

FY2007 marked the first full year of the outsourcing of our data centre and IT infrastructure services to Hewlett-Packard Singapore (HP). The handover to HP in February 2006 was smooth, and SGX's various businesses continued to enjoy effective IT support.

Facilities upgrade

We crossed a milestone during the year when we teamed with HP to successfully upgrade our disaster recovery and production centres to world class 'Tier-4' data centre facilities. We will focus on consistently delivering highly reliable IT services to serve our customers even better.

Systems renewal

QUEST ST is scheduled to replace the existing CLOB trading system in July 2008. A number of securities trading members are also working with GL TRADE and SGX to modernise their trading front-ends, replacing the SESOPS terminals with a new order management system.

We will replace our derivatives data engine with a new system by the second half of FY2008. This would enable us to expand our data business.

Industry standards IT processes adoption

In order to ensure quality IT services and to minimise operational risks, we have embarked on an exercise to align our IT operational processes to an industry standard – ISO20000.

Business continuity

We continued to improve on our Business Continuity Planning (BCP) through awareness training, regular exercises, updating and refinement of continuity plans, and enhancing our response plans for a flu pandemic. SGX conducted a large-scale BCP exercise that included participation by trading firms from both the securities and derivatives markets in August 2006.

We also revalidated our ability to split the operation of our critical business functions between our back-up and primary facilities during the International Monetary Fund/ World Bank Group Annual Meetings held in Singapore in September 2006.

HUMAN RESOURCES

SGX had 556 employees comprising 480 executives and 76 non-executives as at 30 June 2007.

We introduced a comprehensive Talent Management (TM) framework during the year with clear definitions on talent quotient and assessment tools to focus on the following strategic human resource development areas, namely: talent acquisition and placement; succession planning and resource planning; business leadership development and retention; and domain leadership development.

Using our TM framework as a bedrock for human resource development, a new succession planning process was also designed and implemented for all senior management and unit head positions. A major intervention resulting from the framework was the formation of a Center of Excellence Council to focus on developing strategies for elevating our domain expertise benchstrength, and creating a new specialist career path structure.

SGX also played a lead role in organising the Asian Leadership Consortium. The focus of the programme was to offer like-minded companies the opportunity to train mid-level managers as well as provide a forum for inter-company dialogue and sharing in deliberating leadership challenges.

Retention was a challenge during the financial year. We realigned our compensation

and rewards strategy to ensure market competitiveness, including our long-term retention programme. Special emphasis was placed on staffing, namely the deployment of dedicated resources to reduce hiring cycle time and improve the quality of new hires. A new referral programme was introduced in June 2007 to encourage employee participation and tap internal resources towards fulfilling our hiring requirements.

Work-life balance featured prominently during the year. We organised a number of events to engage our employees, for example, a movie night for the whole company complemented the ‘Eat With Your Family’ day in May 2007, a Kids@Work Day in the office. We also built conducive new nursing rooms for mothers.

We improved our new employee assimilation with the redesign of our new employee induction process. In addition, we also initiated a revised approach which centred on action learning principles for our management associates and SGX scholars.

CORPORATE SOCIAL RESPONSIBILITY

SGX is firmly committed to building an organisation with a heart. Our staff, senior management included, volunteer their time and energies to community programmes and initiatives. Through our Corporate Social Responsibility (CSR) programme, we Care, Serve and Reach out to the communities in which we do business.

The Bull Run® 2006

The Bull Run®, Singapore’s first-ever charity fun run in the central business district, was inaugurated by SGX in 2004. Every year it rallies thousands of people from the financial services industry and listed companies to help children and youths in need.

The Bull Run® 2006 attracted over 2,300 runners, raising a record \$2.9 million for beneficiaries under the care of 13 voluntary welfare organisations. Since its inception, the event has raised more than \$7 million for charity.

Overseas initiative

In FY2007, we embarked on our inaugural overseas CSR project. Working with the Gentle Fund Organisation, a non-profit organisation set up by the Vietnamese community in Singapore, SGX staff contributed their time and resources to help the Long Hoa Orphanage in Ho Chi Minh City, Vietnam.

A sum of \$58,896 was raised from staff and SGX. The funds went towards building a new library for the orphanage. Our staff volunteers painted wall murals, did general maintenance work and interacted with the 110 children at the orphanage.

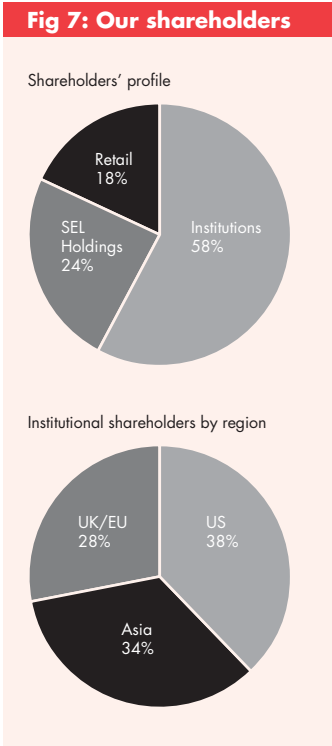
INVESTOR RELATIONS

SGX actively promotes investor relations (IR) in the broader marketplace. We endeavour to lead by example in managing relations with our own investors, and to participate in market development initiatives that position the SGX marketplace as a compelling investment destination. Every year our IR performance is measured by an independent

perception study in which our investment community assesses our performance. In the most recent survey by Carter Research Consulting, Global Market Barometer 2006, SGX again topped the IR ranking with a score of 4.17 on a scale of 1 to 5. This compared favourably with the peer mean score of 3.73 for other Singapore companies as well as against our peer exchanges.

SGX continues to participate in the main international investor fora and run local events, such as our annual IR Open Day for retail investors. In addition, we are increasingly involved in wider efforts to cater to the needs of other SGX-listed companies. For example, the IR team supports the induction programme for newly SGX-listed companies, to the extent of presenting an SGX IR case study to the directors of one foreign issuer shortly after their listing.

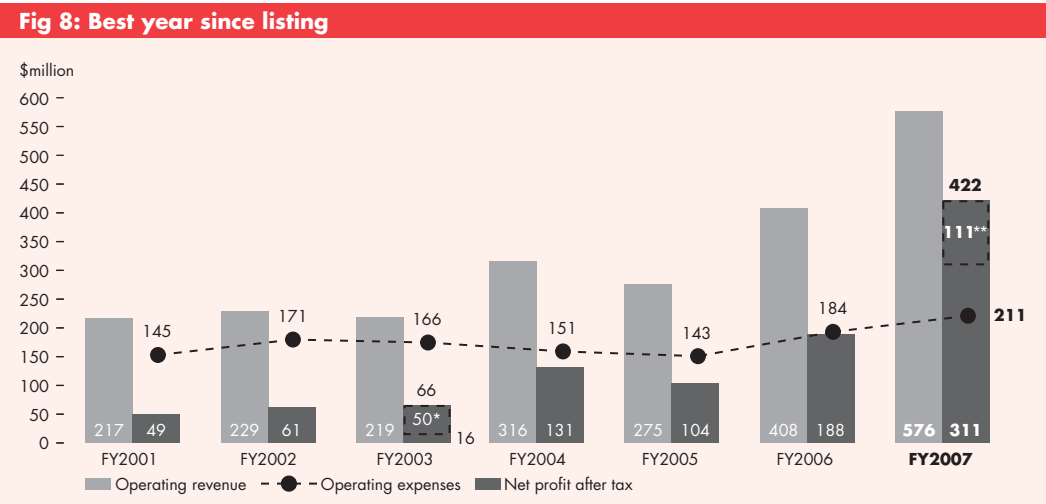
In FY2007, SGX spearheaded the establishment of the Investor Relations Professionals Association (Singapore) (IRPAS). Its objective is to promote IR best practices and raise the profile of IR among SGX-listed companies through a programme of events and educational initiatives. For example, IRPAS worked with Investor Relations Magazine to host the annual South East Asia IR Conference and Awards in Singapore for the second consecutive year. IRPAS is also collaborating with other partners to bring international IR content and case studies to our marketplace. To date, IRPAS has a membership of more than 130, comprising IR officers of listed companies and other IR professionals.



FINANCIAL REVIEW

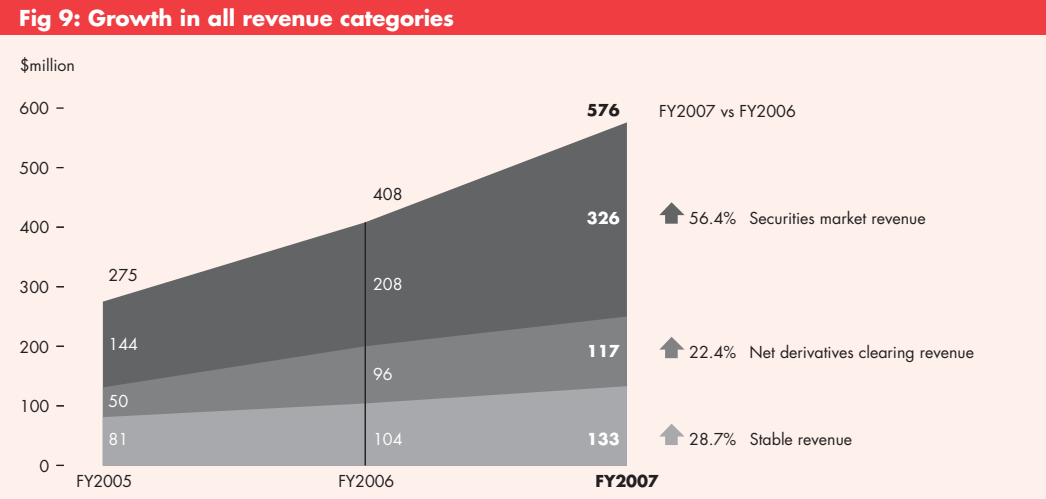
Record performance

SGX Group saw its best year ever in FY2007. Net profit scaled to a new height of \$421.8 million, more than double the previous year’s \$187.6 million earnings (Fig 8). Excluding the one-time gain from the disposal of SGX Centre and the write-back of its impairment allowance, net profit and return on equity hit all-time highs of \$311.3 million and 37.5% respectively.



* allowance for impairment on SGX Centre (\$45.0 million) and the building at 18 New Industrial Road (\$5.0 million)
** write-back of allowance for impairment (\$45.0 million) and gain on disposal of SGX Centre (\$65.5 million)

Operating revenue increased 41.4% to \$576.2 million in FY2007 with record revenue across all revenue categories, namely securities market revenue, net derivatives clearing revenue and stable revenue (Fig 9). This stellar performance was driven by overall optimism in a buoyant economy supported by benign interest rates and strong liquidity.



SECURITIES MARKET REVENUE

Securities market revenue achieved a 56.4% gain to \$326.0 million in FY2007 (FY2006: \$208.5 million) (Fig 10). Boosted by the strong rally in the securities market, daily average trading value grew 56.9% to \$1.60 billion as compared to \$1.02 billion in FY2006.

Fig 10: Securities market revenue

\$million	FY2005	FY2006	FY2007	FY2007 vs FY2006
Securities clearing fees	95.9	138.8	220.9	59.1%
Securities-related processing fees	24.3	33.0	47.9	45.3%
Access fees	23.5	36.7	57.2	56.0%
Total	143.7	208.5	326.0	56.4%
Securities daily average trading value (\$billion)	0.67	1.02	1.60	56.9%

NET DERIVATIVES CLEARING REVENUE

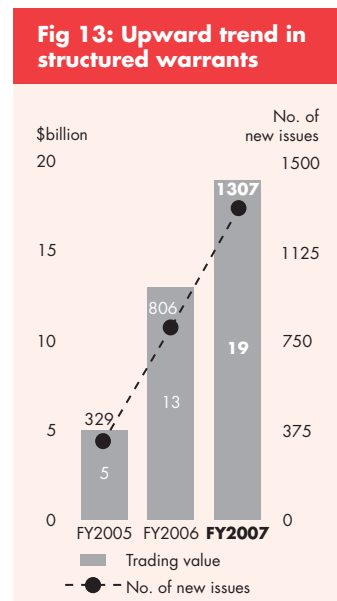
Supported by higher futures and structured warrants clearing revenues, net derivatives clearing revenue grew 22.4% to \$117.0 million in FY2007 (FY2006: \$95.6 million) (Fig 11).

Fig 11: Net derivatives clearing revenue

\$million	FY2005	FY2006	FY2007	FY2007 vs FY2006
Futures clearing revenue	44.9	84.6	102.0	20.6%
Structured warrants clearing revenue	4.7	11.0	15.0	36.3%
Total	49.6	95.6	117.0	22.4%

Futures clearing revenue in FY2007 gained another 20.6% on the back of a 88.5% growth in FY2006 upon the successful e-migration of our futures contracts. This was despite challenges in building our fixed income suite and the expiration of the Globex revenue sharing arrangement with CME in February 2007.

Our Asian Equity Derivatives contracts performed well with volumes for the Nikkei 225 and MSCI Taiwan futures contracts growing 7.9% and 14.4% respectively (Fig 12). Similarly, our MSCI Singapore futures contracts also registered strong growth, with volumes soaring 48.9% to 2.9 million contracts from last year’s 1.9 million contracts.

**Fig 12: Futures clearing revenue and volume**

	FY2005	FY2006	FY2007	FY2007 vs FY2006
Futures clearing revenue (\$million)	44.9	84.6	102.0	20.6%
Trading volume (million of contracts)				
Nikkei 225	8.6	16.9	18.2	7.9%
MSCI Taiwan	7.1	9.9	11.3	14.4%
MSCI Singapore	1.7	1.9	2.9	48.9%
Others	5.4	5.2	5.0	(4.0%)
Total	22.8	33.9	37.4	10.2%

The structured warrants market experienced high activity with a 62.2% hike in new issues. This, together with the buoyant securities market, contributed to a 49.3% growth in trading value (Fig 13). Consequently, our structured warrants clearing revenue gained 36.3% to reach \$15.0 million (FY2006: \$11.0 million).

STABLE REVENUE

Robust market activities and increased demand for our services provided the impetus for further growth in our stable revenue. Stable revenue grew 28.7% to \$133.2 million (FY2006: \$103.5 million), mainly driven by three key contributors: account maintenance and corporate action fees, listing fees, and price information fees (Fig 14).

Fig 14: Stable revenue

\$million	FY2005	FY2006	FY2007	FY2007 vs FY2006
Account maintenance and corporate action fees	19.0	22.3	35.3	57.8%
Listing fees	12.1	25.9	31.5	21.4%
Price information fees	15.8	19.1	23.0	20.2%
Terminal and connection fees	10.8	13.7	17.7	29.1%
Sale of software and other computer services	7.0	7.5	10.1	34.9%
Membership fees	10.3	7.1	7.0	(2.1%)
Other operating revenue	6.4	7.9	8.6	12.3%
Total stable revenue	81.4	103.5	133.2	28.7%

Account maintenance and corporate action fees rose 57.8% to \$35.3 million as a result of increased dividend processing and other corporate action activities.

The number of listed companies in our securities market grew from 691 to 722 in FY2007. Coupled with the cessation of transitional rebates granted, listing fees increased 21.4% to \$31.5 million.

We continued to expand our distribution channels for SecuritiesBook and derivatives datafeed, seeing more subscriptions in the process. This, together with the restructuring of our derivatives datafeed fee schedule in line with international standards, generated \$23.0 million in price information fees, up 20.2% from the previous year.

OPERATING EXPENSES

Operating expenses grew at a slower pace than operating revenue and amounted to \$211.1 million as compared with \$183.7 million last year (Fig 15). The increase was mainly due to higher variable costs, namely higher variable bonus provision on the back of better performance and the cost of processing and royalties which rose in tandem with market activity.

Fig 15: Operating expenses

\$million	FY2005	FY2006	FY2007	FY2007 vs FY2006
Staff costs (excluding variable bonus)	52.8	49.6	59.6	20.2%
Variable bonus	11.1	33.1	46.4	40.3%
System maintenance and rental	18.0	28.7	33.5	16.9%
Rental and maintenance of premises	16.0	12.2	6.1	(50.0%)
Depreciation and amortisation	15.2	14.3	16.3	14.5%
Cost of processing and royalties	11.2	14.2	19.2	35.1%
Other operating expenses	18.8	31.6	30.0	(5.5%)
Total operating expenses	143.1	183.7	211.1	14.9%

Operating expenses excluding variable costs, remained fairly well controlled. Two major contributors to non-variable operating expenses were staff costs and system maintenance and rental costs.

Staff costs (excluding variable bonus) rose 20.2% in FY2007. This was mainly contributed by the expenses arising from the new performance share plan and long-term incentive scheme which were designed to retain our talent pool.

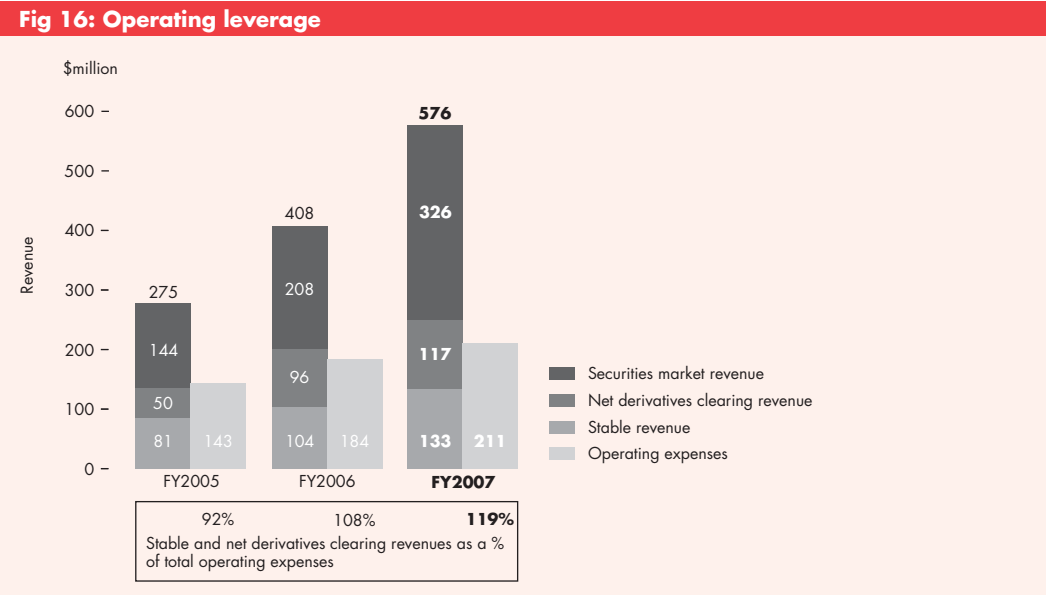
Technology remained an area of strategic focus, with resources invested to enhance technological capabilities. Our data centre outsourcing that began in February 2006 was the main contributor to the 16.9% increase in system maintenance and rental costs in FY2007.

OTHER GAINS

Other gains in FY2007 totalled \$127.7 million. This included a \$110.5 million gain with respect to the SGX Centre: \$45.0 million from the write-back of allowance for impairment and \$65.5 million from its disposal.

OPERATING LEVERAGE

Continued growth in net derivatives clearing and stable revenue together with prudent expense management resulted in improved operating leverage. In FY2007, net derivatives clearing and stable revenue covered 118.6% of our total expenditure, eclipsing the previous high of 108.4% in FY2006 (Fig 16). This was the second consecutive year the coverage crossed the 100% mark.



SHAREHOLDER RETURNS

Return on equity (excluding the write-back of allowance for impairment and gain on disposal of SGX Centre) reached an all-time high of 37.5% compared with 32.0% in the preceding year.

In view of our strong performance, the Board of Directors proposed a final dividend of 30.0 cents per share, bringing the total dividend for FY2007 to 36.0 cents per share (Fig 17). This represents a 90% payout of the current year’s profit and a dividend yield of 3.7%. Our dividend yield exceeded the average dividend yield of both our Mainboard listed companies (2.5%) and peer exchanges (2.6%).

Fig 17: Dividend				
Net dividend per share (cents)	FY2005	FY2006	FY2007	FY2007 vs FY2006
Base	6.0	6.0	8.0	33.3%
Variable	2.5	10.2	28.0	174.5%
Special	15.0	–	–	–
Total	23.5	16.2	36.0	122.2%
Payout as a % of profits	81%	90%	90%	–

Arising from the assessment of the likely sustainable earnings of the Group, the board is pleased to raise the annual base dividend from 8.0 cents to 12.0 cents per share with effect from FY2008.

SGX shares closed at \$9.80 on 29 June 2007, a significant improvement from its previous close of \$3.52 a year ago. Total shareholder return (TSR) over the past one year was 184.2%, outperforming the STI TSR of 49.7%.

CASH FLOW

As at 30 June 2007, the Group had cash and cash equivalents of \$523.7 million, compared to \$156.0 million a year ago. The improvement was mainly due to our strong operating performance and the disposal of our interest in SGX Centre.

Net operating cash flow increased to \$354.6 million due to our higher operating profits (FY2006: \$227.2 million).

Our investing activities recorded a net inflow of \$204.1 million. Net proceeds of \$266.3 million were received from the disposal of our interest in SGX Centre and \$19.9 million from the partial redemption of our hedge fund portfolio. We also invested \$75.8 million for a 5% stake in the Bombay Stock Exchange.

There was a higher net outflow of \$191.1 million in our financing activities as compared to FY2006. A total of \$186.2 million was paid out in dividends to SGX shareholders. Under the Share Purchase mandate, 4.06 million shares, totalling \$18.6 million, were purchased for our Performance Share Plan. \$17.5 million was received from employees who exercised their share options under the SGX Share Option Plan in FY2007.

CAPITAL STRUCTURE AND MANAGEMENT

The Group has been 100% equity financed (zero debt) since listing in 2000. Shares purchased for our Performance Share Plan during the year were held as treasury shares. As at 30 June 2007, there were 10.3 million outstanding share options.

As part of our capital management, we disposed of our interest in SGX Centre to improve the efficiency of our balance sheet.

Our cash reserves were mainly deposited with major financial institutions. About \$139 million were invested in a diversified portfolio of externally managed funds. On 27 July 2007, SGX decided to liquidate these funds as these had reached the end of their three-year investment mandate.

CORPORATE INFORMATION

FINANCIAL RISK AND MANAGEMENT

Our primary foreign exchange exposure arises from our derivatives business and the externally managed funds. We hedge our foreign currency income where necessary and convert them to Singapore dollars regularly. Our foreign currency exposure with regard to our externally managed funds is fully hedged.

As at 30 June 2007, our contingent liabilities to banks amounted to US\$185 million. These unsecured standby letters of credit were issued to the Chicago Mercantile Exchange as margins for our derivatives business and were backed by margin deposits received from member companies.

We have put in place \$570 million of committed standby bank credit facilities for prudent risk management and emergency funding needs. The facilities comprised of \$370 million in unsecured credit lines and \$200 million in share financing lines.

The Group provides the following in support of the CDP and SGX-DC Clearing Funds: an unsecured standby credit line of \$75 million and cash resources of \$25 million to the CDP Clearing Fund in accordance with CDP’s Clearing Rules; a financial guarantee and cash resources totalling \$90 million to be utilised in accordance with SGX-DC’s Clearing Rules; and default insurance policies to support both the CDP and SGX-DC Clearing Funds.

To cater to the growing derivatives market, the Group is also augmenting the SGX-DC Clearing Fund through additional default insurance, guarantees and cash resources.

We continue to review our insurable risks to ensure optimal coverage. We have insurance policies to cover major business areas including Industrial All Risks, Computer Insurance, Professional Indemnity and Comprehensive Crime Insurance, as well as a cover on terrorism.

ACCOUNTING POLICIES

The Group’s financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS) issued by the Council on Corporate Disclosure and Governance. The same accounting policies and methods of computation as in the FY2006 audited financial statements have been applied for the current reporting period except for the adoption of new FRS and Interpretations to FRS (INT FRS) that are required for the current reporting period.

- FRS 19 (Amendment) – Employee Benefits
- FRS 21 (Amendment) – The Effects of Changes in Foreign Exchange Rates
- FRS 32 (Amendment) – Financial Instruments : Disclosure and Presentation
- FRS 39 (Amendment) – Financial Instruments : Recognition and Measurement
- INT FRS 104 – Determining whether an Arrangement contains a Lease

The adoption of the above FRS and INT FRS did not result in substantial changes to the financial statements for the year.

BOARD OF DIRECTORS

- Chairman**
J Y Pillay
- Chief Executive Officer**
Hsieh Fu Hua
- Lead Independent Director**
Low Check Kian
- Independent Directors**
Chew Choon Seng
Euleen Goh Yiu Kiang
Ho Tian Yee
Lee Hsien Yang
Loh Boon Chye
Olivia Lum Ooi Lin
Ng Kee Choe
Robert Owen
Tang Wee Loke*

COMPANY SECRETARY

Joyce Fong Foong Chao

AUDIT COMMITTEE

- Lee Hsien Yang** (Chairman)
- Ho Tian Yee***
- Loh Boon Chye
- Olivia Lum Ooi Lin
- Secretary: Lim Meng Wee

NOMINATING COMMITTEE

- Low Check Kian (Chairman)
- J Y Pillay
- Ho Tian Yee
- Loh Boon Chye
- Ng Kee Choe
- Secretary: Joyce Fong Foong Chao

REMUNERATION COMMITTEE

- Ng Kee Choe (Chairman)
- Chew Choon Seng
- Low Check Kian
- Olivia Lum Ooi Lin
- Secretary: Joyce Fong Foong Chao

RISK MANAGEMENT COMMITTEE

- Loh Boon Chye (Chairman)
- Euleen Goh Yiu Kiang
- Ho Tian Yee
- Ng Kee Choe
- Robert Owen
- Tang Wee Loke
- Secretary: Joyce Fong Foong Chao

CONFLICTS COMMITTEE

- Robert Owen (Chairman)
- Euleen Goh Yiu Kiang
- Low Check Kian
- Olivia Lum Ooi Lin
- Secretary: Joyce Fong Foong Chao

EXECUTIVE COMMITTEE

- Hsieh Fu Hua (Chairman)
- Chew Hong Gian
- Daniel Tan Bak Hiang
- Gan Seow Ann
- Muthukrishnan Ramaswami
- Seck Wai Kwong
- Yeo Lian Sim
- Secretary: Lee Chih-Wei

INVESTOR RELATIONS

John Gollifer
Tel : (65) 6236 8540
Email : johngollifer@sgx.com

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Tel : (65) 6236 8888
Fax : (65) 6535 6994
Website: www.sgx.com

SHARE REGISTRAR

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3 Church Street
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Singapore 049483
Person-in-Charge: Chia Hui Dih

AUDITORS

PricewaterhouseCoopers
8 Cross Street #17-00
PWC Building
Singapore 048424
Partner-in-Charge:
Chua Kim Chiu
(appointed from 1 July 2004)

* stepping down on 28 September 2007
** appointed Chairman on 27 July 2007
*** stepped down as Chairman on 27 July 2007

**Another record-breaking year for SGX:
higher trading volumes and structural
improvements in our business resulted in our
best earnings and return on equity to date.**

OUR SOLID RESULTS

DIRECTORS’ REPORT

For the financial year ended 30 June 2007

The directors present their report to the shareholders together with the audited financial statements of Singapore Exchange Limited (“the Company” or “SGX”) and of the Group for the financial year ended 30 June 2007.

DIRECTORS

The directors of the Company at the date of this report are:

J Y Pillay	(Chairman)
Hsieh Fu Hua	(Chief Executive Officer)
Low Check Kian	(Lead Independent Director)
Chew Choon Seng	
Euleen Goh Yiu Kiang	(appointed on 29 September 2006)
Ho Tian Yee	
Lee Hsien Yang	
Loh Boon Chye	
Olivia Lum Ooi Lin	
Ng Kee Choe	
Robert Owen	
Tang Wee Loke	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share plans" in this report.

DIRECTORS’ INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors’ shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company and related corporations, except as follows:

	Number of ordinary shares registered in name of director or nominee		Number of ordinary shares in which a director is deemed to have an interest	
	At 30.06.2007	At 01.07.2006	At 30.06.2007	At 01.07.2006
The Company				
J Y Pillay	–	–	262,000	262,000
Hsieh Fu Hua	415,000	–	800,000	800,000

DIRECTORS’ REPORT

For the financial year ended 30 June 2007

DIRECTORS’ INTERESTS IN SHARES OR DEBENTURES (continued)

(b) According to the register of directors’ shareholdings, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the SGX Share Option Plan as set out below and in the paragraphs on “SGX Share Option Plan”.

	Number of unissued ordinary shares under options held by a director	
	At 30.06.2007	At 01.07.2006
Hsieh Fu Hua	3,550,000	4,000,000

(c) According to the register of directors’ shareholdings, certain directors holding office at the end of the financial year had interests in the shares of the Company granted pursuant to the SGX Performance Share Plan as set out below and in the paragraphs on “SGX Performance Share Plan”.

	Number of shares vested	
	At 30.06.2007	At 01.07.2006
Hsieh Fu Hua	330,000	–

Subject to the terms and conditions of the SGX Performance Share Plan, 745,000 shares granted to Hsieh Fu Hua will vest between 30 June 2008 and 2 November 2009.

(d) There was no change in any of the abovementioned interests in the Company or in related corporations between the end of the financial year and 21 July 2007.

DIRECTORS’ CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the consolidated financial statements or in this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

SHARE PLANS

The Company offers the following share plans to its employees:

- (a) SGX Share Option Plan
- (b) SGX Performance Share Plan

All share plans are administered by the Remuneration Committee which comprises the following directors:

Ng Kee Choe	(Chairman)
Chew Choon Seng	
Low Check Kian	
Olivia Lum Ooi Lin	

DIRECTORS' REPORT
For the financial year ended 30 June 2007

SHARE PLANS (continued)

(a) SGX Share Option Plan ("the Scheme")

The Scheme was approved at the Extraordinary General Meeting of SGX on 1 November 2000 ("EGM 2000"). At the EGM on 22 September 2005 ("EGM 2005"), the Remuneration Committee terminated the Scheme with regards to grant of further options, following the adoption of the SGX Performance Share Plan. However, options granted and outstanding prior to the aforesaid termination will continue to be valid and be subject to the terms and conditions of the Scheme.

Scheme for Group Employees (as defined in the rules of SGX Share Option Plan ("the Rules"))

Options granted to Group Employees may be exercised two years after the date of the grant. The options will have a term of no longer than seven years from the date of grant.

Scheme for Non-Executive Directors and Associated Company Employees (both as defined in the Rules)

Options granted to Non-Executive Directors or Associated Company Employees may be exercised one year after the date of the grant. The options granted will have a term of no longer than five years from the date of grant.

Restrictions

The total number of new SGX shares over which options may be granted under the Scheme on any date, when added to the total number of new SGX shares issued and issuable in respect of all options granted under the Scheme, and all shares granted under the SGX Performance Share Plan, shall not exceed 10% of SGX's issued share capital on the day preceding the relevant date of grant. The terms and conditions of the options granted are in accordance with the Scheme duly approved by the SGX shareholders at the EGM 2000 and as modified by the Remuneration Committee from time to time. The subscription price of an option shall be equal to or higher than the Market Price.

The Market Price is the average of the closing prices of SGX's ordinary shares on Singapore Exchange Securities Trading Limited ("SGX-ST") over five consecutive market days immediately preceding the date of that option grant.

Options granted under the Scheme

As the Remuneration Committee had decided to terminate the Scheme with regards to grant of further options at the EGM 2005, no options were granted to the Group Employees under the Scheme during the financial year.

No options were granted to Non-Executive Directors and Associated Company Employees since the commencement of the Scheme.

The exercise prices of all options granted under the Scheme had been set at the Market Price.

DIRECTORS' REPORT
For the financial year ended 30 June 2007

SHARE PLANS (continued)

(a) SGX Share Option Plan ("the Scheme") (continued)

Unissued shares under options

The details of the unissued shares under options granted to subscribe for ordinary shares of SGX are as follows:

Date of grant	Balance as at 01.07.2006	Lapsed	Variation of exercise period*	Options exercised	Balance as at 30.06.2007	Number of option holders as at 30.06.2007	Exercise price**	Exercise period
20.11.2000	76,000	(2,000)	–	(18,000)	56,000	4	\$0.85	20.11.2002 to 20.11.2007
20.11.2000	2,000	–	–	(2,000)	–	–	\$0.85	13.02.2006 to 20.11.2007
03.12.2001	152,000	(6,000)	(5,000)	(87,000)	54,000	14	\$0.94	03.12.2003 to 02.12.2008
03.12.2001	6,000	(6,000)	–	–	–	–	\$0.94	01.10.2005 to 30.09.2006
03.12.2001	–	–	5,000	(4,000)	1,000	1	\$0.94	01.10.2006 to 30.09.2007
03.12.2001	52,000	–	–	(52,000)	–	–	\$0.94	13.02.2006 to 02.12.2008
15.01.2002	175,000	–	–	(175,000)	–	–	\$1.00	16.01.2004 to 15.01.2009
01.10.2002	1,278,000	(6,000)	(6,000)	(1,214,000)	52,000	14	\$0.90	01.10.2004 to 30.09.2009
01.10.2002	6,000	–	–	(6,000)	–	–	\$0.90	01.10.2005 to 30.09.2006
01.10.2002	–	–	6,000	(6,000)	–	–	\$0.90	01.10.2006 to 30.09.2007
01.10.2002	2,000	–	–	(2,000)	–	–	\$0.90	13.02.2006 to 30.09.2009
27.01.2004	10,236,400	(2,000)	(14,900)	(4,336,600)	5,882,900	56	\$1.70	27.01.2006 to 26.01.2011
27.01.2004	175,000	–	–	–	175,000	1	\$1.70	28.01.2004 to 27.01.2009
27.01.2004	25,900	–	–	(25,900)	–	–	\$1.70	01.10.2005 to 30.09.2006
27.01.2004	2,000	(2,000)	–	–	–	–	\$1.70	05.10.2005 to 04.10.2006
27.01.2004	97,500	–	–	(30,500)	67,000	3	\$1.70	13.02.2006 to 01.11.2009
27.01.2004	–	–	14,900	(11,900)	3,000	1	\$1.70	01.10.2006 to 30.09.2007
01.11.2004	9,011,600	(22,500)	(11,400)	(4,987,200)	3,990,500	87	\$1.60	02.11.2006 to 01.11.2011
01.11.2004	23,400	–	–	(23,400)	–	–	\$1.60	01.10.2005 to 30.09.2006
01.11.2004	65,000	–	–	(65,000)	–	–	\$1.60	01.11.2005 to 30.10.2006
01.11.2004	–	–	11,400	(3,900)	7,500	1	\$1.60	01.10.2006 to 30.09.2007
01.11.2004	310,800	–	–	(268,800)	42,000	1	\$1.60	02.11.2006 to 01.11.2009
	21,696,600	(46,500)	–	(11,319,200)	10,330,900			

* The variations of exercise periods for these options had been approved by the Remuneration Committee as provided for under the Scheme.
** The exercise price had been adjusted following special dividends paid in 2003 and 2005.

DIRECTORS' REPORT
For the financial year ended 30 June 2007

SHARE PLANS (continued)

(a) SGX Share Option Plan ("the Scheme") (continued)

Unissued shares under options (continued)

The options granted by SGX do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

As at 30 June 2007, executives and employees, including executive directors, who have been granted 5% or more of the total options available under the Scheme are as follows:

Options granted on 27.01.2004 (exercisable from 27.01.2006 to 26.01.2011) to Chief Executive Officer, Hsieh Fu Hua	Number of shares under options
Options granted for financial year ended 30.06.2007	—
Aggregate options granted since commencement of the Scheme to 30.06.2007	4,000,000
Aggregate options exercised since commencement of the Scheme to 30.06.2007	(450,000)
Aggregate options outstanding as at 30.06.2007	3,550,000

(b) SGX Performance Share Plan ("the Plan")

The Plan was approved at the EGM 2005. It recognises and rewards past contributions and services, and motivates key senior management to ensure the long-term success of the Company.

Eligibility

Selected senior management employees who have attained the rank of Vice President, job grade 2 and above are eligible to participate in the Plan.

The Remuneration Committee may determine to grant a reward, wholly or partly, in the form of shares, which will be free of charge, or in the form of cash. The amount released, if in the form of cash, is based on the market value of such shares on vesting date.

Restrictions

The total number of new SGX shares which may be issued pursuant to awards granted under the Plan on any date, when added to the total number of new shares issued and issuable in respect of all awards granted under the Plan, and all options granted under the Scheme, shall not exceed 10% of SGX's issued share on the day preceding the relevant date of award.

Participants are required to retain 50% of the total number of shares that are released to them for at least one calendar year from the vesting date. Failure to comply with this requirement may result in disqualification from further participation in the Plan and other share-based incentive plans the Company may operate.

DIRECTORS' REPORT
For the financial year ended 30 June 2007

SHARE PLANS (continued)

(b) SGX Performance Share Plan ("the Plan") (continued)

Share award grant and vesting

(i) Financial Year ("FY") 2006 Grant

The number of SGX shares to be awarded to each Participant will be based on the achievement of certain prescribed performance targets over a two-year performance period from 1 July 2005 to 30 June 2007.

Under the Plan, 50% of the performance shares vested on 30 June 2007 and, subject to the terms of the Plan, the balance 50% comprising 1,252,500 shares will vest on 30 June 2008. The awards of performance shares vested will be satisfied by the delivery of existing shares purchased from the market. Below are the details of the shares awarded to the Participants for the FY2006 Grant:

Participants (as defined under the Plan)	Balance as at 01.07.2006	Shares granted/ adjusted during the financial year ¹	Shares lapsed during financial year	Shares vested during financial year ⁴	Balance as at 30.06.2007
Directors' interests					
Hsieh Fu Hua ²	440,000	220,000	—	(330,000)	330,000
EXCO members					
Gan Seow Ann ²	160,000	80,000	—	(120,000)	120,000
Seck Wai Kwong ²	160,000	80,000	—	(120,000)	120,000
Linus Koh Kia Meng ²	120,000	60,000	—	(90,000)	90,000
Yeo Lian Sim ²	120,000	60,000	—	(90,000)	90,000
Daniel Tan Bak Hiang ²	100,000	50,000	—	(75,000)	75,000
Chew Hong Gian	85,000	42,500	—	(63,750)	63,750
Robert W van Zwieten ³	35,000	8,750	(17,500)	(26,250)	—
Other staff	530,000	242,500	(45,000)	(363,750)	363,750
	1,750,000	843,750	(62,500)	(1,278,750)	1,252,500

¹ The number of shares awarded during the financial year represents an additional 50% payout as a result of achievement of pre-set performance targets over the performance period.
² Received more than 5% of the total FY2006 grant available.
³ Only 50% of the final awards were released to Robert W van Zwieten as his last day of service with the Company was 30 June 2007.
⁴ Performance shares vested on 30 June 2007 will be distributed after 30 June 2007.

DIRECTORS’ REPORT
For the financial year ended 30 June 2007

SHARE PLANS (continued)

(b) SGX Performance Share Plan (“the Plan”) (continued)

Share award grant and vesting (continued)

(ii) Financial Year (“FY”) 2007 Grant

The number of SGX shares to be allocated to each Participant will be determined based on the achievement of certain prescribed performance targets, over a three-year performance period from 1 July 2006 to 30 June 2009. The grant is subject to the absolute discretion of the Remuneration Committee. The performance shares will vest on 2 November 2009.

Below are the details of shares awarded to the Participants:

Participants (as defined under the Plan)	Shares granted during financial year ¹	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2007
Directors’ interests				
Hsieh Fu Hua ²	415,000	–	–	415,000
EXCO members				
Gan Seow Ann ²	155,000	–	–	155,000
Seck Wai Kwong ²	155,000	–	–	155,000
Linus Koh Kia Meng ²	100,000	–	–	100,000
Yeo Lian Sim ²	100,000	–	–	100,000
Daniel Tan Bak Hiang	80,000	–	–	80,000
Chew Hong Gian	80,000	–	–	80,000
Other staff	575,000	(25,000)	–	550,000
	1,660,000	(25,000)	–	1,635,000

¹ The number of shares represents the shares required if Participants are awarded at 100% of the grant. However, the shares awarded at the vesting date could range from 50% to 150%, depending on the level of achievement against the performance conditions. There shall be no award if the achievement falls below the threshold performance condition.
² Received more than 5% of the total FY2007 grant available.

DIRECTORS’ REPORT
For the financial year ended 30 June 2007

SHARE PLANS (continued)

(b) SGX Performance Share Plan (“the Plan”) (continued)

Share award grant and vesting (continued)

(iii) Summary of the Plan

Below is the summary of the total number of shares granted, vested and outstanding as at 30 June 2007:

	Shares granted/adjusted during the financial year	Aggregate shares granted since commencement of the Plan to 30.06.2007	Aggregate shares vested since commencement of the Plan to 30.06.2007	Aggregate outstanding as at 30.06.2007
Participants who received more than 5% of the total grants available				
Directors’ interests				
Hsieh Fu Hua	635,000	1,075,000	(330,000)	745,000
EXCO members				
Gan Seow Ann	235,000	395,000	(120,000)	275,000
Seck Wai Kwong	235,000	395,000	(120,000)	275,000
Linus Koh Kia Meng	160,000	280,000	(90,000)	190,000
Yeo Lian Sim	160,000	280,000	(90,000)	190,000
Daniel Tan Bak Hiang	130,000	230,000	(75,000)	155,000
Participants who received less than 5% of the total grants available				
Other staff	948,750	1,598,750	(453,750)	1,057,500
	2,503,750	4,253,750	(1,278,750)	2,887,500

No shares were granted to Associated Company Employees (as defined under the Plan) since the commencement of the Plan.

DIRECTORS' REPORT

For the financial year ended 30 June 2007

AUDIT COMMITTEE

The Audit Committee comprises the following independent non-executive directors:

Ho Tian Yee (Chairman)
Lee Hsien Yang
Loh Boon Chye
Olivia Lum Ooi Lin

Based on the Singapore Code of Corporate Governance criteria, all the Audit Committee members are independent.

There are, however, additional requirements on directors' independence set out in The Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005. Based on the criteria set out in this regulation, Loh Boon Chye has been ascertained by the Nomination Committee as non-independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including a review of the financial statements of the Company and of the Group for the financial year and the independent auditor's report thereon.

The Audit Committee has undertaken a review of the non-audit services provided by the firm acting as the auditor and in the opinion of the Audit Committee these services would not affect the independence of the auditor.

The Audit Committee has recommended to the Board that the auditor, PricewaterhouseCoopers, be nominated for re-appointment at the forthcoming Annual General Meeting.

AUDITORS

The auditor, PricewaterhouseCoopers, has expressed its willingness to accept re-appointment.

On behalf of the directors



J Y Pillay
Director
27 July 2007



Hsieh Fu Hua
Director

STATEMENT BY DIRECTORS

For the financial year ended 30 June 2007

In the opinion of the directors,

- (a) the income statement, balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 109 to 155 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 30 June 2007, of the results of the business and changes in equity of the Company and of the Group for the financial year then ended, and of the cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



J Y Pillay
Director
27 July 2007



Hsieh Fu Hua
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SINGAPORE EXCHANGE LIMITED

We have audited the accompanying financial statements of Singapore Exchange Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 109 to 155, for the financial year ended 30 June 2007, which comprise the balance sheet, income statement and statement of changes in equity of the Company, and the consolidated financial statements of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act CAP 50 and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act CAP 50 (“the Act”) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2007, the results and changes in equity of the Company and of the Group for the financial year ended on that date, and of the cash flows of the Group for the financial year ended on that date, and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.


PricewaterhouseCoopers
Certified Public Accountants
Singapore, 27 July 2007

BALANCE SHEETS
As at 30 June 2007

		The Group		The Company	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Assets					
Current assets					
Cash and cash equivalents	3	613,691	245,978	219,153	99,222
Trade and other receivables	4	913,003	289,961	6,540	6,488
Financial assets at fair value through profit or loss	5	138,666	151,862	–	–
Securities clearing funds – cash	6	36,959	36,666	–	–
		1,702,319	724,467	225,693	105,710
Non-current assets					
Financial assets, available-for-sale	7	75,812	–	75,812	–
Property, plant and equipment	8	38,312	202,173	23,212	23,614
Software	9	32,109	26,002	2,879	1,683
Club memberships		423	407	423	407
Investments in subsidiaries	10	–	–	581,381	581,381
Investments in joint ventures	11	1,734	4,228	–	–
Deferred tax assets	15	649	–	649	–
		149,039	232,810	684,356	607,085
Total assets		1,851,358	957,277	910,049	712,795
Liabilities					
Current liabilities					
Trade and other payables	12	921,801	296,006	115,970	166,769
Derivative financial instruments	13	1,108	117	1,108	117
Finance lease liabilities	14	–	2,525	–	–
Taxation	15	76,305	51,821	8,157	7,190
Provisions	16	7,357	4,649	4,238	1,090
Securities clearing funds – members' contributions	6	11,959	11,666	–	–
		1,018,530	366,784	129,473	175,166
Non-current liabilities					
Finance lease liabilities	14	–	1,184	–	–
Deferred tax liabilities	15	2,460	2,450	–	428
		2,460	3,634	–	428
Total liabilities		1,020,990	370,418	129,473	175,594
Net assets		830,368	586,859	780,576	537,201
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	17	398,533	378,452	398,533	378,452
Treasury shares	17	(12,393)	–	(12,393)	–
Share premium		–	–	–	–
Securities clearing funds reserve	6	25,000	25,000	–	–
Share-based payment reserve		8,457	8,243	8,457	8,243
Retained profits		92,360	52,308	67,568	27,650
Proposed dividends	23	318,411	122,856	318,411	122,856
Total equity		830,368	586,859	780,576	537,201

The accompanying notes form an integral part of these financial statements.
Auditor’s Report – page 108.

INCOME STATEMENTS

For the financial year ended 30 June 2007

	Note	The Group		The Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Operating revenue					
Securities clearing fees		220,860	138,804	–	–
Securities-related processing fees		47,886	32,963	11,119	7,776
Access fees		57,248	36,706	–	–
Net derivatives clearing revenue		116,979	95,576	–	–
Account maintenance and corporate action fees		35,252	22,346	1,336	1,060
Terminal and connection fees		17,659	13,677	–	–
Listing fees		31,511	25,946	–	–
Membership fees		6,993	7,142	–	–
Price information fees		23,014	19,143	–	–
Sale of software and other computer services		10,069	7,466	2,277	2,069
Management fees from subsidiaries		–	–	104,610	87,314
Dividends from subsidiaries		–	–	434,372	180,565
Others		8,752	7,791	1,285	2,367
Total operating revenue		576,223	407,560	554,999	281,151
Operating expenses					
Staff costs	21	106,066	82,693	78,453	60,096
Rental and maintenance of premises		6,122	12,239	5,177	8,844
System maintenance and rental		33,509	28,666	6,304	6,124
Depreciation and amortisation		16,326	14,259	5,249	6,955
Write-back of provision for surplus leased premises		–	(2,685)	–	(2,151)
Finance charges		–	148	–	1
Net write-off/impairment of property, plant and equipment and software		175	4,865	–	–
Others	18	48,876	43,467	20,255	17,473
Total operating expenses		211,074	183,652	115,438	97,342
Profit/(loss) from operating activities	19	365,149	223,908	439,561	183,809
Other gains/(losses)	20	127,685	13,171	5,756	8,175
Profit/(loss) before tax and share of results of joint ventures		492,834	237,079	445,317	191,984
Share of results of joint ventures	11	(2,494)	(949)	–	–
Profit/(loss) before tax		490,340	236,130	445,317	191,984
Tax	15	(68,563)	(48,516)	(23,674)	(17,350)
Net profit after tax		421,777	187,614	421,643	174,634
Attributable to:					
Equity holders of the Company		421,777	187,614	421,643	174,634
Earnings per share based on net profit attributable to the equity holders of the Company (in cents per share)					
– Basic	22	39.95	17.96		
– Diluted	22	39.68	17.78		

The accompanying notes form an integral part of these financial statements.
Auditor's Report – page 108.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2007

THE GROUP

	Note	Attributable to equity holders of the Company							Total \$'000
		Share capital \$'000	Share premium* \$'000	Securities clearing funds reserve* \$'000	Share- based payment reserve* \$'000	Treasury shares \$'000	Retained profits \$'000	Proposed dividends \$'000	
Balance at 1 July 2006		378,452	–	25,000	8,243	–	52,308	122,856	586,859
Net profit for the financial year		–	–	–	–	–	421,777	–	421,777
Total recognised gains for the financial year		–	–	–	–	–	421,777	–	421,777
Dividends paid									
– Final dividends									
– Financial year 2006		–	–	–	–	–	–	(122,856)	(122,856)
– Underprovision of final dividends									
– Financial year 2006		–	–	–	–	–	(346)	–	(346)
– Interim dividends									
– Financial year 2007		–	–	–	–	–	(63,378)	–	(63,378)
– Over/(under) provision of interim dividends									
– Financial year 2007		–	–	–	–	–	410	–	410
Proposed dividends									
– Final dividends									
– Financial year 2007	23	–	–	–	–	–	(318,411)	318,411	–
Issue of ordinary shares	17	21,852	–	–	(4,374)	–	–	–	17,478
Employee share plan									
– value of employee services		–	–	–	8,630	–	–	–	8,630
Purchase of treasury shares	17	–	–	–	–	(18,649)	–	–	(18,649)
Vesting of shares under performance share plan	17	(1,771)	–	–	(4,042)	5,813	–	–	–
Tax effect on treasury shares**	17	–	–	–	–	443	–	–	443
Balance at 30 June 2007		398,533	–	25,000	8,457	(12,393)	92,360	318,411	830,368

* These non-distributable reserves are not available for distribution as cash dividends to the equity holders of the Company.

** Tax effect relates to the deferred tax benefit available on the difference between consideration paid for treasury shares and share-based payment expense.

The accompanying notes form an integral part of these financial statements.
Auditor's Report – page 108.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2007

THE GROUP (continued)

	Note	Attributable to equity holders of the Company						Total \$'000
		Share capital \$'000	Share premium* \$'000	Securities clearing funds reserve* \$'000	Share- based payment reserve* \$'000	Retained profits \$'000	Proposed dividends \$'000	
Balance at 1 July 2005		10,421	353,012	25,000	6,694	34,633	44,809	474,569
Net profit for the financial year		–	–	–	–	187,614	–	187,614
Total recognised gains for the financial year		–	–	–	–	187,614	–	187,614
Dividends paid								
– Final dividends – Financial year 2005		–	–	–	–	–	(44,839)	(44,839)
– Underprovision of final dividends – Financial year 2005		–	–	–	–	(30)	30	–
– Interim dividends – Financial year 2006		–	–	–	–	(47,025)	–	(47,025)
– Underprovision of interim dividends – Financial year 2006		–	–	–	–	(28)	–	(28)
Proposed dividends								
– Final dividends – Financial year 2006	23	–	–	–	–	(122,856)	122,856	–
Effect of Companies (Amendment) Act 2005	17	354,643	(354,643)	–	–	–	–	–
Issue of ordinary shares	17	13,388	1,631	–	(2,687)	–	–	12,332
Employee share plan – value of employee services		–	–	–	4,236	–	–	4,236
Balance at 30 June 2006		378,452	–	25,000	8,243	52,308	122,856	586,859

* These non-distributable reserves are not available for distribution as cash dividends to the equity holders of the Company.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2007

THE COMPANY

	Note	Share capital \$'000	Share premium* \$'000	Share- based payment reserve* \$'000	Treasury shares \$'000	Retained profits \$'000	Proposed dividends \$'000	Total \$'000
Balance at 1 July 2006		378,452	–	8,243	–	27,650	122,856	537,201
Total recognised gains for the financial year								
– net profit		–	–	–	–	421,643	–	421,643
Dividends paid								
– Final dividends – Financial year 2006		–	–	–	–	–	(122,856)	(122,856)
– Underprovision of final dividends								
– Financial year 2006		–	–	–	–	(346)	–	(346)
– Interim dividends – Financial year 2007		–	–	–	–	(63,378)	–	(63,378)
– Over/(under) provision of interim dividends								
– Financial year 2007		–	–	–	–	410	–	410
Proposed dividends								
– Final dividends – Financial year 2007	23	–	–	–	–	(318,411)	318,411	–
Issue of ordinary shares	17	21,852	–	(4,374)	–	–	–	17,478
Employee share plan – value of employee services		–	–	8,630	–	–	–	8,630
Purchase of treasury shares	17	–	–	–	(18,649)	–	–	(18,649)
Vesting of shares under performance share plan	17	(1,771)	–	(4,042)	5,813	–	–	–
Tax effect on treasury shares**	17	–	–	–	443	–	–	443
Balance at 30 June 2007		398,533	–	8,457	(12,393)	67,568	318,411	780,576
Balance at 1 July 2005		10,421	353,012	6,694	–	22,955	44,809	437,891
Total recognised gains for the financial year								
– net profit		–	–	–	–	174,634	–	174,634
Dividends paid								
– Final dividends – Financial year 2005		–	–	–	–	–	(44,839)	(44,839)
– Underprovision of final dividends								
– Financial year 2005		–	–	–	–	(30)	30	–
– Interim dividends – Financial year 2006		–	–	–	–	(47,025)	–	(47,025)
– Underprovision of interim dividends								
– Financial year 2006		–	–	–	–	(28)	–	(28)
Proposed dividends								
– Final dividends – Financial year 2006	23	–	–	–	–	(122,856)	122,856	–
Effect of Companies (Amendment) Act 2005	17	354,643	(354,643)	–	–	–	–	–
Issue of ordinary shares	17	13,388	1,631	(2,687)	–	–	–	12,332
Employee share plan – value of employee services		–	–	4,236	–	–	–	4,236
Balance at 30 June 2006		378,452	–	8,243	–	27,650	122,856	537,201

* These non-distributable reserves are not available for distribution as cash dividends to the equity holders of the Company.

** Tax effect relates to the deferred tax benefit available on the difference between consideration paid for treasury shares and share-based payment expense.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Cash flows from operating activities			
Profit before tax and share of results of joint ventures		492,834	237,079
Adjustments for:			
– Depreciation and amortisation		16,326	14,259
– Net write-off/impairment of property, plant and equipment and software		175	4,865
– (Purchase)/disposal of club membership		(16)	175
– Net (gain)/loss on financial assets at fair value through profit or loss		(10,356)	(8,923)
– Net (gain)/loss on disposal of property, plant and equipment and software		1	49
– Net gain on disposal of SGX Centre		(65,520)	–
– Write-back of allowance for impairment on SGX Centre		(45,000)	–
– Net (gain)/loss on disposal of financial assets at fair value through profit or loss		(379)	(1,546)
– Write-back of provision for surplus leased premises		–	(2,685)
– Share-based payment expense		8,630	4,236
– Finance charges		–	148
– Interest income		(9,465)	(5,208)
Operating cash flow before working capital change		387,230	242,449
Change in operating assets and liabilities			
– Trade and other receivables		(617,820)	211,547
– Trade and other payables		629,494	(196,484)
Cash generated from operations		398,904	257,512
Income tax paid		(44,275)	(30,307)
Net cash provided by operating activities		354,629	227,205
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment and software		1	145
Purchases of property, plant and equipment and software		(14,498)	(18,473)
Net proceeds on disposal of SGX Centre		266,269	–
Interest received		9,382	4,817
Investment in financial assets, available-for-sale		(75,812)	–
Investment in joint venture		–	(5,000)
Proceeds from sale/redemption of financial assets at fair value through profit or loss		19,902	77,505
Purchases of financial assets at fair value through profit or loss		(1,110)	(77,015)
Net cash provided by/(used in) investing activities		204,134	(18,021)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		17,478	12,332
Purchase of treasury shares		(18,649)	–
Dividends paid		(186,170)	(91,892)
Repayment of lease liabilities		(3,709)	(1,380)
Finance charges		–	(148)
Net cash used in financing activities		(191,050)	(81,088)
Net increase/(decrease) in cash and cash equivalents held		367,713	128,096
Cash and cash equivalents at beginning of financial year		155,978	27,882
Cash and cash equivalents at end of financial year	3	523,691	155,978

The accompanying notes form an integral part of these financial statements.
Auditor's Report – page 108.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated and domiciled in Singapore. On 23 November 2000, the Company was admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the registered office is:

2 Shenton Way
#19-00 SGX Centre 1
Singapore 068804

The principal activities of the Company are those of investment holding, treasury management, provision of management and administrative services to related corporations, provision of securities related processing services and sale of software and other computer services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and under the historical cost convention except as disclosed in the accounting policies below. The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions, based on management's best knowledge, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

From 1 July 2006, the Group has adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that are applicable in the financial year ended 30 June 2007. These financial statements have been prepared and amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosures and Presentation
FRS 39 (Amendment)	Financial Instruments: Recognition and Measurement
INT FRS 104	Determining whether an Arrangement contains a Lease

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies.

(b) Group accounting**(1) Subsidiaries**

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) Group accounting (continued)****(1) Subsidiaries (continued)**

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated unless losses cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities, at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess losses applicable to the minority are attributable to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributable to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

Please refer to note 2(g) for the Company's accounting policy on investments in subsidiaries.

(2) Joint ventures

Joint ventures are those equity investments in companies, in which the Group has a long-term interest and has, by way of contractual arrangements, joint control in the companies' operational and financial affairs.

Joint ventures are accounted for under the equity method whereby the Group's share of profit or losses of joint ventures is included in the consolidated income statement and the Group's share of net assets or liabilities is included in the consolidated balance sheet. Where the accounting policies of joint ventures do not conform with those of the Group, adjustments to the Group's financial statements are made for the amounts which are considered significant to the Group.

Please refer to Note 2(g) for the Company's accounting policy on investments in joint ventures.

(3) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

(c) Currency translation**(1) 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 the entity operates ("the functional currency"). The presentation currency of the consolidated financial statements is Singapore Dollars, which is the Company's functional currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Foreign currency monetary assets and liabilities are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Currency translation differences are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Currency translation (continued)****(3) Hedging**

Foreign exchange derivative instruments (mainly forward foreign exchange contracts) undertaken to hedge against foreign currencies denominated investments are accounted for as fair value hedges whereby the changes in the fair values of both the hedging derivatives and the hedged items attributable to the hedged risk are recognised in the income statement.

Foreign exchange derivative instruments undertaken to hedge against highly probable forecasted transactions in foreign currencies are accounted for as cash flow hedges. The effective portion of the change in the fair value of the hedging instrument that is designated and qualified as a cash flow hedge is recognised in a cash flow hedge reserve. The amount in this reserve is transferred to either the cost of the hedged non-monetary asset upon acquisition or the income statement when the hedged operating expenses are incurred.

The gain or loss relating to the ineffective portion of the hedging instruments as well as any derivative instrument that does not qualify for hedge accounting is recognised immediately in the income statement.

(d) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. An allowance for impairment of trade and other receivables is recognised when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

(e) Financial assets at fair value through profit or loss

Investments, which are designated as financial assets at fair value through profit or loss at inception, are initially recognised at fair value and are subsequently carried at fair value. These investments are those that are managed and their performance are evaluated on a fair value basis, in accordance with the documented Group's investment strategy. Purchase and sales of investments are recognised on trade date, on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or all risks and rewards of ownership has been transferred. Changes in the fair value of the investments are included in the income statement. The fair values of quoted investments in an active market are based on bid prices at the balance sheet date. For investments in managed funds that are not quoted in an active market, the Group establishes their fair value by using the net asset value of the managed funds as advised by external fund administrators.

(f) Financial assets, available-for-sale

Investments, which are designated in this category, are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Purchase and sales of investments are recognised on trade date, on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investment have expired or all risks and rewards of ownership has been transferred. Changes in the fair value of monetary assets denominated in a foreign currency are analysed into translation differences resulting from changes in amortised cost of the asset and other changes. The translation differences are recognised in the income statement, and other changes are recognised in the fair value reserve within equity. The fair values of investments not traded in an active market are determined by using valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets, available-for-sale (continued)

Dividends on available-for-sale equity securities are recognised in the income statement when the Group's right to receive payment is established. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the income statement.

The Group assesses at each balance sheet date whether there is objective evidence that the financial assets are impaired. A significant or prolonged decline in the fair value of the asset below its cost is considered an indicator that the security is impaired. When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in the income statement. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(g) Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. Impairment losses are recognised in the income statement in the year in which it is determined.

On disposal of an investment, the difference between the net proceeds and its carrying amount is recognised in the income statement.

Please refer to Note 2(t) for the Company's accounting policy on impairment of investments in subsidiaries and joint ventures.

(h) Property, plant and equipment

(1) Land and buildings

Land and buildings are initially recorded at cost. Freehold land is subsequently stated at cost less accumulated impairment losses (Note 2(t)). Buildings and leasehold land are subsequently stated at cost less accumulated depreciation and accumulated impairment losses (Note 2(t)).

(2) Other property, plant and equipment

All other property, plant and equipment are initially recorded at cost and subsequently, stated at cost less accumulated depreciation and accumulated impairment losses (Note 2(t)).

(3) Component of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is required to be incurred for the purpose of acquiring and using the asset.

(4) Depreciation of property, plant and equipment

No depreciation is provided on freehold land and work-in-progress.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives as follows:

Leasehold land	Remaining term of the lease from date of occupation ranging from 26 to 99 years
Freehold and leasehold buildings	Lower of 30 to 50 years or remaining lease period
Leasehold improvements	Lower of 5 years or remaining lease period
Furniture, fittings and office equipment	3 to 10 years
Computer hardware	1 to 7 years
Motor vehicles	4 years

Fully depreciated assets still in use are retained in the financial statements.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

(5) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(6) Disposal

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with banks.

(j) Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(l) Share capital and treasury shares

Ordinary shares are classified as equity.

When any entity within the Group purchases the Company's ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's equity holders and presented as "treasury shares" within equity, until they are cancelled, sold or reissued.

When treasury shares are cancelled, the cost of the treasury shares is deducted against the share capital account, if the shares are purchased out of capital of the Company, or against the retained profits of the Company, if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee performance shares scheme, the cost of the treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is taken to the share capital account of the Company.

(m) Dividends

Interim dividends are deducted from retained profits during the financial year in which they are declared payable.

Final dividends are transferred from retained profits to a proposed dividend reserve when they are proposed by the directors. The amount will be transferred from the proposed dividend reserve to dividend payable when the dividends are approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(n) Revenue recognition**

Revenue is recognised on the following basis:

- (i) clearing fees and related income, net of rebates, on a due date basis;
- (ii) listing and membership fees, terminal and connection fees and rental income on a time proportion basis;
- (iii) access, price information and processing fees, account maintenance and corporate action fees, sale of software and other computer services and other income, when the services are rendered;
- (iv) interest income, on a time proportion basis using the effective interest method;
- (v) dividend income is recorded gross in the income statement in the financial year in which a dividend is declared; and
- (vi) management fees, when the services are rendered.

(o) Income taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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 balance sheet date; and
- (ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax jurisdiction.

(p) Leases**(1) Where a group company is the lessee:**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased property or the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance charge is charged to the income statements over the lease period. Plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(p) Leases (continued)****(1) Where a group company is the lessee: (continued)**

Operating lease payments are recognised in the income statement on a straight-line basis over the lease period.

When a finance or operating lease is terminated before the expiry of the lease period, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which the lease is terminated.

(2) Where a group company is the lessor:

Operating lease rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(q) Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are offset against the related expenses. Government grants relating to assets are deducted against the carrying amount of the assets.

(r) Employee benefits**Employee leave entitlement**

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

Employment benefits

The Group makes legally required contributions to the Central Provident Fund. The Group's obligation, in regard to the defined contribution plan, is limited to the amount it contributes to the Fund. The expenses are disclosed under employees' remuneration (Note 21).

Long term incentive scheme

The Group awards long term incentive to employees. The entitlement to this benefit is conditional on the employee remaining in service up to the specified service period. The expected costs of this benefit are accrued over the specified service period and the expenses are disclosed under employees' remuneration (Note 21).

Share-based compensation**(i) Share options**

The fair value of the employee services received in exchange for the grant of the share options is recognised as share-based payment expense in the income statement with a corresponding increase in the share-based payment reserve over the vesting period. The amount is determined by reference to the fair value of the share options on grant date and the expected number of shares under options to be vested on vesting date.

The expected number of shares under options to be vested is fixed unless they have been forfeited or have lapsed prior to vesting date. Any changes to the expected number of shares under options to be vested will entail a corresponding adjustment to the share-based payment expense and share-based payment reserve. The Group assesses this change at the end of each financial reporting period.

The proceeds received net of any directly attributable transaction costs and the related balance previously recognised in the share based payment reserve are credited to share capital when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Employee benefits (continued)

Share-based compensation (continued)

(ii) Performance shares

The fair value of the employee services received in exchange for the grant of the performance shares is recognised as share-based payment expense in the income statement with a corresponding increase in the share-based payment reserve over the vesting period. The amount is determined by reference to the fair value of the performance shares on grant date and the expected number of performance shares to be vested on vesting date.

At the end of each financial reporting period, the Company revises its estimates of the expected number of performance shares that the participants are expected to receive. Any changes to the expected number of shares to be vested will entail a corresponding adjustment to the share-based payment expense and share-based payment reserve.

(s) Intangible assets

Software

Costs that are directly associated with identifiable software controlled by the Group that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs incurred for maintaining computer software programmes are recognised as an expense when incurred.

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use of the software. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software costs and acquired computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2(t)). These costs are amortised using the straight-line method over their estimated useful lives, a period not exceeding 7 years. Where an indication of impairment exists, the carrying cost is assessed and written down immediately to its recoverable amount.

The amortisation period and amortisation method of the software are reviewed at least at each financial year end. The effects of any revision of the amortisation period or amortisation method are included in the income statement for the period in which the changes arise.

(t) Impairment of non-financial assets

Assets including property, plant and equipment, other intangible assets and investments in subsidiaries and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's net selling value and its value in use.

Recoverable amount is determined on an individual asset 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 cash-generating units to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The impairment is recognised in the income statement.

(u) Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Financial instruments

Forward foreign exchange contracts

Forward foreign exchange contracts are used to hedge the Group's exposure to foreign currency risks. The fair values of the forward foreign exchange contracts are recognised in the financial statements. The fair value of foreign currency purchased or sold is based on the quoted bid price or offer price respectively at the financial reporting date. The notional principal amounts of the forward foreign exchange contracts are recorded as off-balance sheet items.

3. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash at bank and on hand	28,310	53,928	653	10,222
Fixed deposits with banks	585,381	192,050	218,500	89,000
	613,691	245,978	219,153	99,222

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore dollar	585,590	239,257	218,871	98,772
United States dollar	25,009	6,206	282	450
Euro	–	91	–	–
Others	3,092	424	–	–
	613,691	245,978	219,153	99,222

Fixed deposits have the following average maturity from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2007	2006	2007	2006
Average maturity (days)	34	3.8	22	3
Effective weighted average interest rate (% per annum)	2.36	3.19	2.25	3.19

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 31(ii).

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

	The Group	
	2007 \$'000	2006 \$'000
Cash and bank balances (as above)	613,691	245,978
Less: Cash set aside for Singapore Exchange Derivatives Clearing Limited ("SGX-DC") Clearing Fund	(90,000)	(90,000)
Cash and cash equivalents per consolidated cash flow statement	523,691	155,978

The \$90,000,000 represents the Group's commitment to support the SGX-DC Clearing Fund (Note 26) in relation to the:

- (i) SGX-DC capital, \$68,000,000; and
- (ii) Company's financial guarantee to SGX-DC, \$22,000,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

4. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade receivables (net) (Note (a))	899,267	272,366	2,637	1,712
Other receivables (Note (b))	13,736	17,595	3,903	4,776
	913,003	289,961	6,540	6,488

(a) Trade receivables comprise:

Receivables from clearing members:

– Daily settlements of accounts for due contracts and rights	816,795	223,568	–	–
– Clearing and other fees	46,472	24,768	–	–
Other trade receivables	36,438	24,713	2,658	1,755
	899,705	273,049	2,658	1,755
Less: Allowance for impairment of trade receivables	(438)	(683)	(21)	(43)
	899,267	272,366	2,637	1,712

(b) Other receivables comprise:

Interest receivable	7,115	6,932	294	218
Prepayments	5,616	5,795	3,218	3,039
Deposits	573	2,173	250	1,348
Staff advances	120	193	40	71
Others (non-trade)	312	2,502	101	100
	13,736	17,595	3,903	4,776

The carrying amounts of trade and other receivables approximate their fair values.

The weighted average effective interest rate for staff advances is 4% (2006: 4%) per annum.

(c) Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore dollar	811,288	231,723	6,481	6,153
United States dollar	97,799	56,647	59	335
Others	3,916	1,591	–	–
	913,003	289,961	6,540	6,488

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2007 \$'000	2006 \$'000
Managed funds, at fair value	138,666	151,862

Managed funds consist of listed and unlisted funds managed by independent fund managers.

6. SECURITIES CLEARING FUNDS

	The Group	
	2007 \$'000	2006 \$'000
Cash at bank – contributed by CDP clearing members OCC clearing members	11,539 420	11,246 420
	11,959	11,666
CDP	25,000	25,000
	36,959	36,666
Contributions by CDP clearing members in the form of bank guarantees	7,200	7,250

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

6. SECURITIES CLEARING FUNDS (continued)

As at 30 June 2007, all cash contributions which are denominated in Singapore dollar are placed in interest bearing accounts with banks.

The bank guarantees are not included in the Group's balance sheet.

The corresponding liabilities to clearing members for their cash contributions are recorded as current liabilities of the Group.

The corresponding reserve for the contributions by CDP is recorded as securities clearing funds reserve.

The securities clearing funds were established under the clearing rules of the securities clearing subsidiaries, The Central Depository (Pte) Limited ("CDP") and Options Clearing Company (Pte) Limited ("OCC"). The clearing funds are to provide resources to enable CDP and OCC to discharge their respective obligations and liabilities of defaulting clearing members arising from transactions in approved securities and options.

Payments out of the securities clearing funds shall be made in the following order:

(a) CDP Clearing Fund

- (i) Contributions by defaulting clearing members*
- (ii) Contributions of CDP of \$25 million in cash
- (iii) Contributions by all other clearing members on pro rata basis in the proportion of each clearing member's turnover to the total turnover of all clearing members at that point of default*
- (iv) Insurance. SGX has purchased a \$45 million insurance cover
- (v) Standby line of credit provided by CDP of \$75 million

* Clearing members of the securities exchange are required to contribute a total of at least \$15 million in cash, acceptable assets or an equivalent amount in the form of bank guarantees, each member's contribution being in proportion to their market share.

(b) OCC Clearing Fund

- (i) Total deposits of defaulting clearing members**
- (ii) Base deposits of all other clearing members on a pro rata basis
- (iii) Insurance

** The clearing member's clearing fund total deposit shall consist of the aggregate amount of the base and variable deposit paid by the clearing member. Each clearing member is required to contribute a base deposit of an initial amount of \$30,000 in cash to the Clearing Fund. In addition to the base deposit, each clearing member shall be liable to contribute a variable deposit which shall be based upon the amount of business transacted or cleared by the clearing member.

7. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of financial year	–	–	–	–
Additions				
– Unlisted equity securities – India	75,812	–	75,812	–
Balance at end of financial year	75,812	–	75,812	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Furniture, fittings and office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in- progress ^a \$'000	Total \$'000
The Group									
<i>Cost</i>									
At 1 July 2006	17,478	8,261	214,784	36,883	4,486	84,335	532	15,139	381,898
Reclassification	–	–	–	–	2	8,605	–	(8,607)	–
Additions	–	–	–	3,007	85	828	–	402	4,322
Disposals	–	–	(214,351)	–	(96)	(170)	–	–	(214,617)
Write-off	–	–	–	(5,540)	(381)	(8,790)	–	–	(14,711)
At 30 June 2007	17,478	8,261	433	34,350	4,096	84,808	532	6,934	156,892
<i>Accumulated depreciation</i>									
At 1 July 2006	–	2,978	11,388	31,980	3,490	79,746	143	–	129,725
Depreciation charge	–	265	2,351	3,519	390	5,599	133	–	12,257
Disposals	–	–	(13,602)	–	(94)	(170)	–	–	(13,866)
Write-off	–	–	–	(5,377)	(369)	(8,790)	–	–	(14,536)
At 30 June 2007	–	3,243	137	30,122	3,417	76,385	276	–	113,580
<i>Accumulated impairment charge</i>									
At 1 July 2006	5,000	–	45,000	–	–	–	–	–	50,000
Write-back	–	–	(45,000)	–	–	–	–	–	(45,000)
At 30 June 2007	5,000	–	–	–	–	–	–	–	5,000
<i>Net book value</i>									
At 30 June 2007	12,478	5,018	296	4,228	679	8,423	256	6,934	38,312
<i>Cost</i>									
At 1 July 2005	17,478	8,261	214,784	37,026	6,635	84,904	533	12,983	382,604
Reclassification	–	–	–	–	24	483	–	(507)	–
Additions	–	–	–	–	146	1,208	–	3,425	4,779
Disposals	–	–	–	–	(162)	(1,356)	(1)	(33)	(1,552)
Write-off	–	–	–	(143)	(2,157)	(904)	–	(729)	(3,933)
At 30 June 2006	17,478	8,261	214,784	36,883	4,486	84,335	532	15,139	381,898
<i>Accumulated depreciation</i>									
At 1 July 2005	–	2,713	9,171	26,656	5,140	79,388	11	–	123,079
Depreciation charge	–	265	2,217	5,376	519	2,514	132	–	11,023
Disposals	–	–	–	–	(126)	(1,343)	–	–	(1,469)
Write-off	–	–	–	(52)	(2,043)	(813)	–	–	(2,908)
At 30 June 2006	–	2,978	11,388	31,980	3,490	79,746	143	–	129,725
<i>Accumulated impairment charge</i>									
At 1 July 2005	5,000	–	45,000	90	115	91	–	–	50,296
Write-off	–	–	–	(90)	(115)	(91)	–	–	(296)
At 30 June 2006	5,000	–	45,000	–	–	–	–	–	50,000
<i>Net book value</i>									
At 30 June 2006	12,478	5,283	158,396	4,903	996	4,589	389	15,139	202,173

^a Work-in-progress comprises mainly system infrastructure under development.

The carrying amount of work-in-progress held under finance leases at 30 June 2007 was nil (2006: \$6,978,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land \$'000	Freehold buildings \$'000	Leasehold improvements \$'000	Furniture, fittings and office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in- progress ^a \$'000	Total \$'000
The Company								
<i>Cost</i>								
At 1 July 2006	17,478	8,261	31,263	897	18,797	532	83	77,311
Reclassification	–	–	–	2	19	–	(21)	–
Additions	–	–	3,000	74	757	–	140	3,971
Intercompany transfer	–	–	–	–	7	–	–	7
Disposals	–	–	–	(92)	(60)	–	–	(152)
Write-off	–	–	–	–	(1)	–	–	(1)
At 30 June 2007	17,478	8,261	34,263	881	19,519	532	202	81,136
<i>Accumulated depreciation</i>								
At 1 July 2006	–	2,978	26,699	762	18,115	143	–	48,697
Depreciation charge	–	265	3,369	62	544	133	–	4,373
Intercompany transfer	–	–	–	–	5	–	–	5
Disposals	–	–	–	(90)	(60)	–	–	(150)
Write-off	–	–	–	–	(1)	–	–	(1)
At 30 June 2007	–	3,243	30,068	734	18,603	276	–	52,924
<i>Accumulated impairment charge</i>								
At 1 July 2006 and 30 June 2007	5,000	–	–	–	–	–	–	5,000
<i>Net book value</i>								
At 30 June 2007	12,478	5,018	4,195	147	916	256	202	23,212
<i>Cost</i>								
At 1 July 2005	17,478	8,261	31,263	967	19,023	533	158	77,683
Additions	–	–	–	21	287	–	148	456
Intercompany transfer	–	–	–	5	262	–	(223)	44
Disposals	–	–	–	(96)	(775)	(1)	–	(872)
At 30 June 2006	17,478	8,261	31,263	897	18,797	532	83	77,311
<i>Accumulated depreciation</i>								
At 1 July 2005	–	2,713	21,538	773	18,283	11	–	43,318
Depreciation charge	–	265	5,161	83	524	132	–	6,165
Intercompany transfer	–	–	–	–	81	–	–	81
Disposals	–	–	–	(94)	(773)	–	–	(867)
At 30 June 2006	–	2,978	26,699	762	18,115	143	–	48,697
<i>Accumulated impairment charge</i>								
At 1 July 2005 and 30 June 2006	5,000	–	–	–	–	–	–	5,000
<i>Net book value</i>								
At 30 June 2006	12,478	5,283	4,564	135	682	389	83	23,614

^a Work-in-progress comprises mainly system infrastructure under development.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The properties owned by the Group which are used for its operations and staff recreation are as follows:

Brief description	Tenure	Net book value as at 30 June 2007 \$'000
Industrial building, located at 18 New Industrial Road, Singapore	Freehold	17,496
Villa at Bintan Lagoon Golf and Beach Resort, Indonesia	26 years lease commencing from 14.06.1996	296

9. SOFTWARE

	Software \$'000	Work-in-progress software \$'000	Total \$'000
The Group			
<i>Cost</i>			
At 1 July 2006	33,068	16,588	49,656
Reclassification	2,812	(2,812)	–
Additions	103	10,073	10,176
Write-off	(553)	–	(553)
At 30 June 2007	35,430	23,849	59,279
<i>Accumulated amortisation</i>			
At 1 July 2006	23,654	–	23,654
Amortisation charge	4,069	–	4,069
Write-off	(553)	–	(553)
At 30 June 2007	27,170	–	27,170
<i>Net book value</i>			
At 30 June 2007	8,260	23,849	32,109

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

9. SOFTWARE (continued)

	Software \$'000	Work-in-progress software \$'000	Total \$'000
The Group			
<i>Cost</i>			
At 1 July 2005	30,954	9,046	40,000
Reclassification	2,104	(2,104)	–
Additions	188	13,812	14,000
Disposals	(82)	(30)	(112)
Write-off	(96)	(4,136)	(4,232)
At 30 June 2006	33,068	16,588	49,656
<i>Accumulated amortisation</i>			
At 1 July 2005	20,456	–	20,456
Amortisation charge	3,236	–	3,236
Disposals	(1)	–	(1)
Write-off	(37)	–	(37)
At 30 June 2006	23,654	–	23,654
<i>Accumulated impairment charge</i>			
At 1 July 2005	59	–	59
Write-off	(59)	–	(59)
At 30 June 2006	–	–	–
<i>Net book value</i>			
At 30 June 2006	9,414	16,588	26,002
The Company			
<i>Cost</i>			
At 1 July 2006	8,540	319	8,859
Reclassification	468	(468)	–
Additions	102	1,970	2,072
Intercompany transfer	–	–	–
Disposals	–	–	–
At 30 June 2007	9,110	1,821	10,931
<i>Accumulated amortisation</i>			
At 1 July 2006	7,176	–	7,176
Amortisation charge	876	–	876
At 30 June 2007	8,052	–	8,052
<i>Net book value</i>			
At 30 June 2007	1,058	1,821	2,879

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

9. SOFTWARE (continued)

	Software \$'000	Work-in- progress software \$'000	Total \$'000
The Company			
<i>Cost</i>			
At 1 July 2005	7,409	534	7,943
Reclassification	1,139	(1,139)	–
Additions	72	1,018	1,090
Intercompany transfer	–	(94)	(94)
Disposals	(80)	–	(80)
At 30 June 2006	8,540	319	8,859
<i>Accumulated amortisation</i>			
At 1 July 2005	6,387	–	6,387
Amortisation charge	789	–	789
At 30 June 2006	7,176	–	7,176
<i>Net book value</i>			
At 30 June 2006	1,364	319	1,683

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

10. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2007 \$'000	2006 \$'000
Investments at cost	581,381	581,381

Details of the subsidiaries are as follows:

Name of subsidiaries	Note	Principal activities	Country of business and incorporation	Equity held by			
				The Company		Subsidiaries	
				2007 %	2006 %	2007 %	2006 %
Singapore Exchange Securities Trading Limited	(a)	Operating a securities exchange	Singapore	100	100	–	–
Singapore Exchange Derivatives Trading Limited	(a)	Operating a derivatives exchange	Singapore	100	100	–	–
Singapore Exchange Derivatives Clearing Limited	(a)	Providing clearing, counterparty guarantee and related services for derivatives transactions	Singapore	100	100	–	–
The Central Depository (Pte) Limited	(a)	Providing clearing, counterparty guarantee, depository and related services for securities transactions	Singapore	100	100	–	–
Singapore Exchange IT Solutions Pte Limited	(a)	Providing computer services and maintenance, and software maintenance	Singapore	100	100	–	–
Macronet Information Pte Ltd	(a)	Providing corporate share registration and custody-related services	Singapore	–	–	100	100
Options Clearing Company (Pte) Limited	(a)	Providing facilities for the registration of options and the maintenance of margin for the options relating to securities	Singapore	–	–	100	100
SGX America Ltd	(b)	Inactive	United States of America	–	–	100	100
Asia Converge Pte Ltd	(a)	Dormant	Singapore	–	–	100	100
SGXLink Pte Ltd	(a)	Inactive	Singapore	100	100	–	–
Securities Clearing and Computer Services (Pte) Limited	(a)	Dormant	Singapore	100	100	–	–
CDP Nominees Pte Ltd	(a)	Dormant	Singapore	–	–	100	100
CDP Nominees (II) Pte Ltd	(a)	Dormant	Singapore	–	–	100	100
Asiaclear Pte Ltd	(a)	Dormant	Singapore	–	–	100	100
Globalclear Pte Ltd	(a)	Dormant	Singapore	–	–	100	100
SGX Investment (Mauritius) Limited	(c)	Investment holding	Mauritius	100	100	–	–

(a) Audited by PricewaterhouseCoopers, Singapore.
(b) Not required to be audited in the United States of America.
(c) Audited by PricewaterhouseCoopers, Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

11. INVESTMENTS IN JOINT VENTURES

	The Group	
	2007 \$'000	2006 \$'000
Investments, at cost	5,940	5,940
Share of results	(4,206)	(1,712)
	1,734	4,228

Name of joint ventures	Principal activities	Country of business and incorporation	Equity holding	
			2007 %	2006 %
American Stock Exchange – SGX Pte Ltd	Promote the listing and trading of exchange traded funds	Singapore	50	50
Joint Asian Derivatives Pte. Ltd.	Business management and consultancy services	Singapore	50	50

The following amounts represent the Group's 50% share of the assets and liabilities and results of the joint ventures which have been equity accounted for in the consolidated balance sheet and income statement:

	The Group	
	2007 \$'000	2006 \$'000
Balance sheet		
Assets:		
Current assets	2,059	4,617
Non-current assets	13	–
	2,072	4,617

Liabilities:		
Current liabilities	338	389
Non-current liabilities	–	–
	338	389

Net assets	1,734	4,228
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Income statement		
Revenue	4	–
Expenses	2,666	949
(Loss)/profit before tax	(2,662)	(949)
Other gains/(losses)	168	–
Tax	–	–
(Loss)/profit after tax	(2,494)	(949)

Cash flow		
Operating cash inflows/(outflows)	(2,507)	(582)
Investing cash inflows/(outflows)	(13)	5,000
Total cash inflows/(outflows)	(2,520)	4,418

Capital commitments in relation to interest in joint ventures	–	–
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Proportionate interest in joint ventures' commitments	–	–
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

12. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade payables (Note (a))	839,852	239,396	–	–
Other payables (Note (b))	81,949	56,610	46,231	34,050
Amount due to subsidiaries (non-trade) (Note (c))	–	–	69,739	132,719
	921,801	296,006	115,970	166,769

(a) Trade payables comprise:

Payables to clearing members – daily settlements of accounts for due contracts and rights	816,795	223,568	–	–
Other trade payables	23,057	15,828	–	–
	839,852	239,396	–	–

(b) Other payables comprise:

Accrual for operating expenses	16,716	11,494	3,744	7,949
Accrual for bonus	52,827	33,030	40,211	24,611
Central Provident Fund payable	1,148	704	1,188	416
Interest payable to members	4,900	5,868	–	–
Advance receipts	3,629	3,271	8	19
Others (non-trade)	2,729	2,243	1,080	1,055
	81,949	56,610	46,231	34,050

(c) Amount due to subsidiaries is unsecured, non-interest bearing and repayable on demand. The carrying amount approximates the fair value.

(d) The carrying amount of current trade and other payables approximate their fair values.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore dollar	828,686	247,912	114,964	166,526
United States dollar	89,909	46,379	986	243
Others	3,206	1,715	20	–
	921,801	296,006	115,970	166,769

13. DERIVATIVE FINANCIAL INSTRUMENTS

The table below sets out the notional principal amounts of the outstanding forward foreign exchange contracts of the Group and the Company, and their corresponding fair values at the balance sheet date:

	Notional principal		Financial assets at fair value		Financial liabilities at fair value	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
United States Dollar	160,314	153,623	–	–	1,108	117

The fair values of forward foreign exchange contracts have been calculated using the rates quoted by the Group's bankers to terminate the contracts at the balance sheet date.

At 30 June 2007, the settlement dates on forward foreign exchange contracts range between 1 and 3 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

14. FINANCE LEASE LIABILITIES

	The Group	
	2007 \$'000	2006 \$'000
Current	–	2,525
Non-current	–	1,184
	–	3,709

The weighted average effective interest rate of finance lease liabilities is nil (2006: 3%).

	The Group	
	2007 \$'000	2006 \$'000
Minimum lease payments due:		
– not later than one year	–	2,602
– later than one year but not later than five years	–	1,199
	–	3,801
Less: Future finance charges	–	(92)
Present value of finance lease liabilities	–	3,709

The present value of finance lease liabilities may be analysed as follows:

	The Group	
	2007 \$'000	2006 \$'000
Not later than one year	–	2,525
Later than one year but not later than five years	–	1,184
	–	3,709

15. INCOME TAXES

(a) Income tax expense

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Tax expense attributable to profit is made up of:				
– current income tax	68,885	45,178	24,434	17,278
– deferred income tax	(222)	3,438	(634)	72
	68,663	48,616	23,800	17,350
Under/(over) provision in preceding financial years:				
– current income tax	(126)	(100)	(126)	–
– deferred income tax	26	–	–	–
	(100)	(100)	(126)	–
	68,563	48,516	23,674	17,350

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

15. INCOME TAXES (continued)

(b) Tax reconciliation

The tax expense on profit differs from the amount that would arise using the Singapore rate of income tax due to the following:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Profit before tax and share of results of joint ventures	492,834	237,079	445,317	191,984
Tax calculated at a tax rate of 18% (2006: 20%)	88,710	47,416	80,157	38,397
Tax effect of:				
Different tax rates in other countries	(184)	(79)	–	–
Singapore statutory income exemption	(159)	(66)	(27)	(11)
Income not subject to tax	(21,938)	(2,179)	(57,690)	(22,000)
Expenses not deductible for tax purposes	2,797	3,524	1,353	964
Effect of changes in tax rate	(247)	–	(43)	–
Others	(316)	–	50	–
	68,663	48,616	23,800	17,350

(c) Movements in provision for tax

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of financial year	51,821	37,050	7,190	6,688
Income tax (paid)/recovered	(44,275)	(30,307)	(23,341)	(16,776)
Tax expense on profit for the financial year	68,885	45,178	24,434	17,278
Under/(over) provision in preceding financial years	(126)	(100)	(126)	–
Balance at end of financial year	76,305	51,821	8,157	7,190

(d) Deferred income tax

The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deferred tax assets:				
– to be recovered within 12 months	254	–	254	–
– to be recovered after more than 12 months	766	–	766	–
	1,020	–	1,020	–
– Effect of offsetting	(371)	–	(371)	–
	649	–	649	–
Deferred tax liabilities:				
– to be settled within 12 months	1,407	718	256	270
– to be settled after more than 12 months	1,424	1,732	115	158
	2,831	2,450	371	428
– Effect of offsetting	(371)	–	(371)	–
	2,460	2,450	–	428

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

15. INCOME TAXES (continued)**(d) Deferred income tax (continued)**

The movement in the gross deferred tax assets and liabilities during the financial year is as follows:

The Group – deferred tax liabilities

	Accelerated tax depreciation	
	2007 \$'000	2006 \$'000
Balance at beginning of financial year	2,450	1,299
Charged/(credited) to income statement	381	1,151
Balance at end of financial year	2,831	2,450

The Group – deferred tax assets

	Capital allowances \$'000	Other \$'000	Total \$'000
2007			
Balance at beginning of financial year	–	–	–
Credited to income statement	–	577	577
Credited to equity	–	443	443
Balance at end of financial year	–	1,020	1,020

2006

Balance at beginning of financial year	(2,287)	–	(2,287)
Charged/(credited) to income statement	2,287	–	2,287
Balance at end of financial year	–	–	–

The Company – deferred tax liabilities

	Accelerated tax depreciation	
	2007 \$'000	2006 \$'000
Balance at beginning of financial year	428	355
Charged/(credited) to income statement	(57)	73
Balance at end of financial year	371	428

The Company – deferred tax assets

	Other	
	2007 \$'000	2006 \$'000
Balance at beginning of financial year	–	–
Credited to income statement	577	–
Credited to equity	443	–
Balance at end of financial year	1,020	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

15. INCOME TAXES (continued)**(d) Deferred income tax (continued)**

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

	The Group	
	2007 \$'000	2006 \$'000
Tax losses	13,648	15,463
Unutilised wear and tear allowances	615	615

These items principally relate to two entities within the Group which are dormant. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The tax losses and unutilised wear and tear allowances are subject to the relevant provisions of the Singapore Income Tax Act and confirmation by the tax authorities.

16. PROVISIONS**(a) Current**

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Provision for SGX-MAS Market Development Scheme	2,637	2,965	–	–
Provision for unutilised leave	1,720	1,684	1,238	1,090
Provision for costs of dismantlement, removal or restoration of leased premises	3,000	–	3,000	–
	7,357	4,649	4,238	1,090

(b) Movements in provision for SGX-MAS Market Development Scheme are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of financial year	2,965	3,059	–	–
Utilisation of provision	(328)	(94)	–	–
Balance at end of financial year	2,637	2,965	–	–

(c) Movements in provision for unutilised leave are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of financial year	1,684	2,400	1,090	1,611
Write-back during the financial year	–	(716)	–	(521)
Provision made during the financial year	36	–	148	–
Balance at end of financial year	1,720	1,684	1,238	1,090

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

16. PROVISIONS (continued)**(d) Dismantlement, removal or restoration of property, plant and equipment**

Provision for dismantlement, removal or restoration is the estimated costs of dismantlement, removal or restoration of leased premises, which are capitalised and included in the cost of property, plant and equipment.

Movements in this provision were as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of financial year	–	–	–	–
Provision made during the financial year	3,000	–	3,000	–
Balance at end of financial year	3,000	–	3,000	–

17. SHARE CAPITAL OF SINGAPORE EXCHANGE LIMITED**The Company**

	Number of shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital \$'000	Treasury shares \$'000
2007				
Balance at beginning of financial year	1,050,051	–	378,452	–
Issue of shares under employee share option plans	11,319	–	21,852	–
Tax effect on treasury shares	–	–	–	443
Purchase of treasury shares	–	4,060	–	(18,649)
Vesting of shares under performance share plan*	–	(1,279)	(1,771)	5,813
Balance at end of financial year	1,061,370	2,781	398,533	(12,393)

* Performance shares vested on 30 June 2007 will be distributed after 30 June 2007

	Number of shares		Amount			
	Issued share capital '000	Treasury shares '000	Share capital \$'000	Share premium \$'000	Total share capital and share premium \$'000	Treasury shares \$'000
2006						
Balance at beginning of financial year	1,042,078	–	10,421	353,012	363,433	–
Issue of shares under employee share option plans	7,973	–	13,388	1,631	15,019	–
Effect of Companies (Amendment) Act 2005*	–	–	354,643	(354,643)	–	–
Balance at end of financial year	1,050,051	–	378,452	–	378,452	–

* Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished. The amount in the share premium account as of 30 January 2006 became part of the Company's share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

17. SHARE CAPITAL OF SINGAPORE EXCHANGE LIMITED (continued)**(a) Treasury shares**

Pursuant to the Share Purchase Mandate approved by shareholders, the Company purchased 4,060,000 of its ordinary shares by way of on-market purchases, at a share price ranging from \$4.02 to \$5.50. The total amount paid to purchase the shares was \$18,649,000 and this is shown as a component within shareholders' equity as a reduction of total shareholders' equity. The Company holds the shares bought back as treasury shares and plans to use the shares to fulfil its obligations under the SGX Performance Share Plan.

(b) Share options**(i) Outstanding options**

Share options are granted to executive directors and employees.

At the EGM on 22 September 2005 ("EGM 2005"), the Remuneration Committee terminated the SGX Share Option Plan ("the Scheme"), with regards to grant of further options, following the adoption of the SGX Performance Share Plan. However, options granted and outstanding prior to the aforesaid termination will continue to be valid and be subject to the terms and conditions of the Scheme.

Upon the aforesaid termination, no options were granted to the Group Employees under the Scheme during the financial year.

Movements in the number of unissued ordinary shares under options which are outstanding at the balance sheet date are as follows:

	The Group and The Company	
	2007	2006
Balance at beginning of financial year	21,696,600	30,521,200
Granted	–	–
Lapsed	(46,500)	(851,900)
Exercised	(11,319,200)	(7,972,700)
Balance at end of financial year	10,330,900	21,696,600

All outstanding options have vested as at end of current financial year and the average share price of SGX's ordinary shares for the financial year is \$5.83 (2006: \$3.12).

As at 30 June 2007, the outstanding options granted to executive directors and employees to subscribe for ordinary shares were as follows:

Number of ordinary shares under options	Exercise price \$	Exercise period	
		From	To
56,000	0.85	20.11.2002	20.11.2007
54,000	0.94	03.12.2003	02.12.2008
1,000	0.94	01.10.2006	30.09.2007
52,000	0.90	01.10.2004	30.09.2009
5,882,900	1.70	27.01.2006	26.01.2011
3,000	1.70	01.10.2006	30.09.2007
175,000	1.70	28.01.2004	27.01.2009
67,000	1.70	13.02.2006	01.11.2009
3,990,500	1.60	02.11.2006	01.11.2011
7,500	1.60	01.10.2006	30.09.2007
42,000	1.60	02.11.2006	01.11.2009
10,330,900			

The terms of the exercise of options are set out in the Directors' Report under the caption "SGX Share Option Plan".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

17. SHARE CAPITAL OF SINGAPORE EXCHANGE LIMITED (continued)

(b) Share options (continued)

(ii) Options exercised during the year

During the financial year ended 30 June 2007, options for 11,319,200 (2006: 7,972,700) shares were exercised as follows:

Number of ordinary shares under options	Exercise price \$	Proceeds \$'000	Exercise month
100,000	0.90	90	Jul 06
6,000	0.90	5	Jul 06
8,600	1.70	15	Jul 06
12,000	1.60	19	Jul 06
1,000	0.94	1	Jul 06
492,700	1.70	838	Jul 06
11,000	0.94	10	Aug 06
550,000	0.90	495	Aug 06
317,700	1.70	540	Aug 06
7,500	1.60	12	Aug 06
27,000	0.90	24	Sep 06
1,328,600	1.70	2,259	Sep 06
68,900	1.60	110	Sep 06
2,000	0.85	2	Oct 06
31,000	0.94	29	Oct 06
3,000	0.90	3	Oct 06
609,000	1.70	1,035	Oct 06
12,000	0.85	10	Nov 06
225,000	0.90	203	Nov 06
209,000	1.70	355	Nov 06
1,047,800	1.60	1,676	Nov 06
6,000	0.90	6	Dec 06
155,600	1.70	265	Dec 06
231,600	1.60	371	Dec 06
2,000	0.85	2	Jan 07
92,000	0.94	86	Jan 07
266,000	0.90	239	Jan 07
421,800	1.70	717	Jan 07
2,071,700	1.60	3,315	Jan 07
2,000	0.85	2	Feb 07
2,000	0.90	2	Feb 07
172,600	1.70	293	Feb 07
615,800	1.60	985	Feb 07
2,000	0.94	2	Mar 07
175,000	1.00	175	Mar 07
21,000	0.90	19	Mar 07
11,500	1.70	20	Mar 07
759,400	1.60	1,215	Mar 07
242,500	1.70	412	Apr 07
142,500	1.60	228	Apr 07

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

17. SHARE CAPITAL OF SINGAPORE EXCHANGE LIMITED (continued)

(b) Share options (continued)

(ii) Options exercised during the year (continued)

Number of ordinary shares under options	Exercise price \$	Proceeds \$'000	Exercise month
2,000	0.94	2	Apr 07
2,000	0.90	2	Apr 07
326,700	1.70	555	Apr 07
169,000	1.60	270	Apr 07
2,000	0.85	2	May 07
6,000	0.90	5	May 07
92,700	1.70	158	May 07
107,000	1.60	171	May 07
4,000	0.94	4	Jun 07
4,000	0.90	4	Jun 07
7,900	1.70	13	Jun 07
110,100	1.60	176	Jun 07
10,000	0.90	9	Jun 07
8,000	1.70	14	Jun 07
5,000	1.60	8	Jun 07
11,319,200		17,478	

(iii) Fair value of share options

Fair value of options was estimated by adopting the Cox-Ross-Rubinstein (1979) binomial tree model, based on the following information and assumptions on expected dividend yield, risk-free interest rate, expected volatility and time to maturity:

Date of grant	Exercise period	Number of unissued shares under options	Fair value of option at grant date \$	Exercise price ** \$	Expected dividend yield %	Risk-free interest rate %	Expected volatility rate %
27.01.2004	27.01.2006 to 26.01.2011	5,882,900	0.48	1.70	3.03	2.84	29.86
27.01.2004	28.01.2004 to 27.01.2009	175,000	0.48	1.70	3.03	2.84	29.86
27.01.2004	13.02.2006 to 01.11.2009	67,000	0.48	1.70	3.03	2.84	29.86
27.01.2004	01.10.2006 to 30.09.2007	3,000	0.48	1.70	3.03	2.84	29.86
01.11.2004	02.11.2006 to 01.11.2011	3,990,500	0.43	1.60	3.15	2.64	27.94
01.11.2004	01.10.2006 to 30.09.2007	7,500	0.43	1.60	3.15	2.64	27.94
01.11.2004	02.11.2006 to 01.11.2009	42,000	0.43	1.60	3.15	2.64	27.94

** The exercise price has been adjusted following a special dividend paid in 2005.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

17. SHARE CAPITAL OF SINGAPORE EXCHANGE LIMITED (continued)**(b) Share options (continued)***(iv) Share options committed to Chief Executive Officer*

The Chief Executive Officer Hsieh Fu Hua's initial contract, which was effective on 1 March 2003, provided that options for a minimum of 2 million shares would be granted to him for each completed year of service with the Company. His contract was renewed before its expiry on 28 February 2006. The revised term runs from 1 January 2005 to 31 December 2007. Under this revised contract, share options granted to-date will be exercisable through the seventh anniversary date of grant should he leave the Company at the end of the term, or if the Company prematurely terminates his employment through no fault of his own. He is not entitled to any share options under this revised contract.

On 28 July 2005, Hsieh Fu Hua waived his entitlement to options for 2 million SGX shares for the period from 29 February 2004 to 1 March 2005. The waiver was to have been taken into account through the grant of performance shares under the SGX Performance Share Plan. In lieu thereof, the Remuneration Committee ("RC") decided to make in June 2006, and Hsieh Fu Hua agreed to accept, an ex-gratia payment. The payment is termed "ex-gratia" because the RC did not formally link the amount to any formula for determining the value of the performance shares forgone.

(c) Performance share plans ("PSP")*(i) Outstanding performance shares*

Details of performance shares awarded to participants at the balance sheet date are as follows:

Number of shares	The Group and The Company		Total
	FY2007 grant**	FY2006 grant*	
2007			
Balance at beginning of financial year	–	1,750,000	1,750,000
Adjustments based on achievement factor	–	843,750	843,750
Granted	1,660,000	–	1,660,000
Lapsed	(25,000)	(62,500)	(87,500)
Vested	–	(1,278,750)	(1,278,750)
Balance at end of financial year	1,635,000	1,252,500	2,887,500
2006			
Balance at beginning of financial year	–	–	–
Granted	–	1,750,000	1,750,000
Lapsed	–	–	–
Vested	–	–	–
Balance at end of financial year	–	1,750,000	1,750,000

* The number of shares awarded are based on achievement of pre-set performance targets over the performance period.

** The above number of shares represents the shares required if participants are awarded at 100% of the grant. However, the shares awarded at the vesting date could range from 50% to 150%, depending on the level of achievement against the performance condition. There shall be no award if the achievement falls below the threshold performance condition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

17. SHARE CAPITAL OF SINGAPORE EXCHANGE LIMITED (continued)**(c) Performance share plans ("PSP") (continued)***(ii) Fair value of performance shares*

The fair value of performance shares at grant date and the key assumptions of the fair value model for the grants were as follows:

	FY2007 grant	FY2006 grant	FY2006 grant
Date of grant	01.11.2006	30.06.2006	30.06.2006
Vesting date	02.11.2009	30.06.2008	30.06.2007
Number of performance shares	1,660,000	875,000	875,000
Fair value at grant date	\$4.54	\$3.13	\$3.26

Assumption under Monte-Carlo Model**Expected volatility**

Shares of Singapore Exchange Limited	21.77%	21.92%	21.92%
Straits Times Index	9.91%	–	–
Historical volatility period	36 months	36 months	36 months

Risk-free interest rate

Date on which yield of Singapore government bond was based	31.10.2006	29.06.2006	29.06.2006
Term	← 1 – 3 years →		

Expected dividend yield based on Management's forecast

	4.00%	3.90%	3.90%
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Share price

Share price on day preceding date of grant	31.10.2006	29.06.2006	29.06.2006
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18. OTHER OPERATING EXPENSES

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Professional charges	13,734	13,003	6,835	5,539
Marketing and travelling	6,708	5,682	3,051	2,263
Communication charges	3,139	2,557	1,984	1,574
Fees to MAS for transfer of participant supervision function	2,300	2,300	2,300	2,300
Allowance/(reversal) for impairment of trade receivables (net)	(233)	168	(14)	76
Net foreign exchange loss/(gain)	(187)	606	13	2
Net (gain)/loss on disposal of property, plant and equipment and software	1	49	1	2
Cost for processing and royalties	19,182	14,201	1,635	1,408
Others	4,232	4,901	4,450	4,309
	48,876	43,467	20,255	17,473

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

19. PROFIT FROM OPERATING ACTIVITIES

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Profit from operating activities is arrived at after:				
<i>Charging:</i>				
Audit services by auditor of the Company				
– current year	427	431	195	207
– (over)/underprovision in prior years	(10)	(9)	(10)	8
Other services by auditor of the Company	235	249	91	75
Rental expenses – operating leases	1,760	7,213	1,576	5,006
(Write-back)/provision for unutilised leave	36	(716)	148	(521)
Net write-off/impairment of property, plant and equipment	175	729	–	–
Net write-off/impairment of software	–	4,136	–	–
<i>And crediting:</i>				
Grants received from Financial Sector Development Fund	1,256	48	–	2

20. OTHER GAINS/(LOSSES)

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Gains/(losses) on financial assets at fair value through profit or loss (Note (a))	10,735	10,469	–	–
Interest income, other income and expenses (Note (b))	6,430	2,702	5,756	8,175
Write-back of allowance for impairment on SGX Centre (Note (c))	45,000	–	–	–
Net gain on disposal of SGX Centre (Note (d))	65,520	–	–	–
	127,685	13,171	5,756	8,175

(a) Gains/(losses) on financial assets at fair value through profit or loss

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Gain on managed funds				
– Net gain/(loss) on disposal	379	1,546	–	–
– Unrealised gain/(loss) on revaluation	10,356	8,923	–	–
	10,735	10,469	–	–

(b) Interest income, other income and expenses

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fixed deposits with banks	7,976	3,954	3,090	1,244
Bank interest income	1,433	1,170	322	213
Other interest income	57	84	3	16
Net foreign exchange (loss)/gain	(3,036)	(2,506)	2,341	6,702
	6,430	2,702	5,756	8,175

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

20. OTHER GAINS/(LOSSES) (continued)

- (c) As a result of improved property market conditions, allowance for impairment on SGX Centre was written back (in the quarterly financial period ended 31 December 2006) as the allowance was no longer required.
- (d) On 12 June 2007, the Group sold its office premises in Shenton Way, SGX Centre, at a net proceed of \$266,269,000. Under the sale and purchase agreement, the Group will lease back the area it currently occupies for an initial period of seven years, at an average gross rent of \$6.25 per square foot per month with a fixed annual escalation of 4% for each year of the initial term of seven years, and a further option to renew the lease for three years. A net gain of \$65,520,000, being the excess of the net sales proceeds over the carrying amount, was recognised in the income statement.

21. EMPLOYEES' REMUNERATION

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Wages and salaries	45,075	41,814	30,945	28,404
Employer's contribution to Central Provident Fund on salary and wages	3,203	3,409	2,094	2,178
Variable bonus	43,883	29,747	33,027	22,969
Employer's contribution to Central Provident Fund on variable bonus	2,559	3,353	1,893	2,617
	46,442	33,100	34,920	25,586
Long-term incentive scheme	2,250	–	1,850	–
Retrenchment benefits	466	134	14	(308)
Share-based payment expense	8,630	4,236	8,630	4,236
	106,066	82,693	78,453	60,096

Included in employees' remuneration is remuneration of executives and directors under the employment of the Group and the Company, further disclosed in Note 30.

22. EARNINGS PER SHARE

	The Group	
	2007 \$'000	2006 \$'000
Net profit attributable to the equity holders of the Company	421,777	187,614
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,055,655	1,044,851
Adjustment for assumed exercise of share options ('000)	7,410	10,618
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,063,065	1,055,469

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted as if all share options that are dilutive were exercised. The adjustment shown above represents the number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at market price (determined as the Company's average share price for the financial year) for the same total proceeds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

23. DIVIDENDS

	The Group and The Company	
	2007 \$'000	2006 \$'000
Interim tax exempt one-tier dividends of 6.00 cents per share (2006: 4.50 cents)	62,968	47,053
Proposed final tax exempt one-tier dividends of 30.00 cents per share (2006: 11.70 cents)	318,411	122,856
	381,379	169,909

The directors have proposed a final tax exempt one-tier dividend for 2007 of 30.00 cents (2006: 11.70 cents) per share amounting to a total of \$318,411,000 (2006: \$122,856,000). The proposed dividend has been transferred from retained profits to a proposed dividend reserve.

24. SEGMENT INFORMATION

Primary reporting format – business segments

	Securities market \$'000	Derivatives market \$'000	Other operations \$'000	The Group \$'000
2007				
Segment Revenue				
External revenue	421,434	153,448	1,341	576,223
Inter-segment revenue	167	–	–	167
	421,601	153,448	1,341	576,390
Less: Consolidation elimination	(167)	–	–	(167)
	421,434	153,448	1,341	576,223
Results				
Segment results	306,755	92,599	28	399,382
Unallocated costs				(34,233)
Profit from operating activities				365,149
Other gains/(losses)				
– Write-back of allowance for impairment on SGX Centre	23,068	21,932	–	45,000
– Net gain on disposal of SGX Centre	50,337	15,183	–	65,520
– Unallocated				17,165
Share of results of joint ventures				(2,494)
Tax				(68,563)
Profit after tax				421,777
Segment Assets				
Segment assets	1,126,015	228,474	7,491	1,361,980
Unallocated assets				489,378
Consolidated total assets				1,851,358
Segment Liabilities				
Segment liabilities	904,226	33,222	496	937,944
Unallocated liabilities				83,046
Consolidated total liabilities				1,020,990
Other Information				
Capital expenditure	7,760	6,735	3	14,498
Depreciation and amortisation	9,100	7,095	131	16,326

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

24. SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

	Securities market \$'000	Derivatives market \$'000	Other operations \$'000	The Group \$'000
2006				
Segment Revenue				
External revenue	279,948	124,382	3,230	407,560
Inter-segment revenue	215	–	–	215
	280,163	124,382	3,230	407,775
Less: Consolidation elimination	(215)	–	–	(215)
	279,948	124,382	3,230	407,560
Results				
Segment results	192,647	64,958	(511)	257,094
Unallocated costs				(33,186)
Profit from operating activities				223,908
Other gains/(losses)				13,171
Share of results of joint ventures				(949)
Tax				(48,516)
Profit after tax				187,614
Segment Assets				
Segment assets	525,403	137,830	6,589	669,822
Unallocated assets				287,455
Consolidated total assets				957,277
Segment Liabilities				
Segment liabilities	285,205	29,236	572	315,013
Unallocated liabilities				55,405
Consolidated total liabilities				370,418
Other Information				
Capital expenditure	17,212	1,272	295	18,779
Depreciation and amortisation	8,427	5,800	32	14,259

The Group is organised into three main business segments:

- (i) Securities market – providing listing, trading, clearing and depository services for the securities market.
- (ii) Derivatives market – providing trading and clearing services for the derivatives market.
- (iii) Other operations – providing mainly information technology services to financial sector participants.

Financial information about business segments is presented in the tables above.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

24. SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

Inter-segment results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to external parties for similar services. Those transfers are eliminated on consolidation.

Segment assets comprise mainly securities clearing funds, property, plant and equipment, software, operating cash, receivables and investments.

Segment liabilities comprise mainly securities clearing funds and payables. Capital expenditure comprises additions to property, plant and equipment and software.

Expenses, assets and liabilities which are common and cannot be meaningfully allocated to the business segments are presented under unallocated expenses, assets and liabilities respectively.

The Group operates in Singapore and holds an investment portfolio of \$138,666,000 (2006: \$151,862,000) through a subsidiary in Mauritius.

25. SECURITIES AND DERIVATIVES FIDELITY FUNDS

Fidelity funds are maintained by the securities and derivatives exchange subsidiaries, as required by Section 176 of the Securities and Futures Act as follows:

	2007 \$'000	2006 \$'000
Securities Exchange Fidelity Fund	33,315	32,470
Derivatives Exchange Fidelity Fund	22,567	22,047
	55,882	54,517

The purposes of the fidelity funds pursuant to Section 186 of the Securities and Futures Act are as follows:

- 1.1 to compensate any person (other than an accredited investor) who has suffered a pecuniary loss from any default and defalcation committed
- (a) in the course of, or in connection with, dealing in securities, or the trading of a futures contract;

(b) by a member of a securities exchange or a futures exchange or by any agent of such member; and

(c) in relation to any money or other property entrusted to or received:

(i) by that member or of its agents; or

(ii) by that member or any of its agents as trustee or on behalf of the trustees of that money or property.
- 1.2 to pay the Official Assignee or a trustee in bankruptcy within the meaning of the Bankruptcy Act (Cap. 20) if the available assets of a bankrupt, who is a member of SGX-ST or SGX-DT, are insufficient to satisfy any debts arising from dealings in securities or trading in futures contracts which have been proved in the bankruptcy by creditors of the bankrupt member.
- 1.3 to pay a liquidator of a member of SGX-ST or SGX-DT which is being wound up if the available assets of a member are insufficient to satisfy any debts arising from dealings in securities or trading in futures contracts which have been proved in the liquidation of the member.

The assets of the Funds belong to the respective exchange subsidiaries but are kept separate from all other assets, and are held in trust for the purposes set out in the Securities and Futures Act.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

25. SECURITIES AND DERIVATIVES FIDELITY FUNDS (continued)

No further provision has been made in the financial year ended 30 June 2007 for contribution to be paid to the securities and derivatives fidelity funds as the minimum sum of \$20 million for each fund as currently required under the Securities and Futures Act has been reached.

	2007 \$'000	2006 \$'000
The assets and liabilities of the Funds are as follows:		
Assets		
Fixed deposits with banks	46,711	45,279
Quoted bonds	6,318	8,324
Interest receivable	245	356
Bank balance	3,264	1,039
	56,538	54,998
Liabilities		
Other payables and accruals	15	10
Taxation	596	400
Deferred tax liabilities	45	71
	656	481
Net assets	55,882	54,517

The assets and liabilities of the Funds are not included in the Group's balance sheet as they are held in trust.

26. SGX-DC CLEARING FUND

The rules of SGX-DC enable SGX-DC to mobilise resources should any derivatives clearing member be unable to meet its obligations to SGX-DC. The resources available to SGX-DC would be utilised in the following priority:

- (a) the defaulting derivatives clearing member's margin deposits, security deposits, letters of credit and/or all other assets and securities of that derivatives clearing member;
- (b) (i) the capital of SGX-DC not exceeding \$68,000,000; and
(ii) financial guarantee and/or default insurance not exceeding \$68,000,000;
- (c) up to 50% of the SGX-DT Compensation Fund established by SGX-DT (Note 27);
- (d) security deposits in equal amounts from each non-defaulting derivatives clearing member; and
- (e) further assessments on derivatives clearing members based on a formula that takes into consideration their capital requirements and share of volume and open interest on SGX-DC (capped at \$8,000,000 if a letter of credit of that amount is posted with SGX-DC to comply with financial resources requirements).

The Group has set aside \$90,000,000 of cash (Note 3) to support the SGX-DC Clearing Fund in relation to the:

- (i) SGX-DC capital, \$68,000,000; and
- (ii) Company's financial guarantee to SGX-DC, \$22,000,000.

Except for the \$90,000,000 mentioned above, the other resources available for the SGX-DC Clearing Fund are not included in the Group's financial statements. These are third party obligations towards the SGX-DC Clearing Fund and where they are held by SGX-DC, these resources are held under trust.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

27. SGX-DT COMPENSATION FUND

The SGX-DT Compensation Fund ("the Fund") was established by Singapore Exchange Derivatives Trading Limited ("SGX-DT") for the primary purpose of providing compensation to SGX-DT, SGX-DC, customers of any SGX-DT member who suffer, sustain or incur a loss in consequence of the default of that SGX-DT member in meeting its obligations in connection with the trading of futures contracts on any market association or exchange established or approved by SGX-DT. The Fund also compensates in relation to losses of any money or property entrusted to or received by any SGX-DT member or by any of its directors or employees for and on behalf of any other persons or entrusted to or received by the SGX-DT member as a trustee.

Upon the winding up of the Fund, which should be no later than 24 November 2007, the net assets of the Fund shall be distributed in such proportion as the Trustees think fit, to a trust having objects sufficiently similar to the Fund, to SGX-DT or to such charitable institutions or other charitable objects.

SGX-DT has reviewed the purpose for the Fund and proposed to transfer the Fund's assets to SGX-DC Clearing Fund upon its expiry. SGX has invited public comments on the dissolution of SGX-DT Compensation Fund and the comment period ends on 6 August 2007.

	2007 \$'000	2006 \$'000
The assets and liabilities of the Fund are as follows:		
Assets		
Fixed deposits	33,500	23,187
Bank balances	457	902
Quoted bonds	–	9,030
Interest receivable	238	201
	34,195	33,320
Liabilities		
Other payables and accruals	7	5
Taxation	329	285
Deferred tax liabilities	43	40
	379	330
Net assets	33,816	32,990

The assets and liabilities of the Fund are not included in the Group's balance sheet as they are held in trust.

28. CONTINGENT LIABILITIES

(a) Singapore Exchange Derivatives Clearing Limited ("SGX-DC")

As the clearing house for futures and options traded on SGX-DT, SGX-DC becomes the novated counterparty for these derivative instruments.

The rules of SGX-DC require its clearing members to deposit, as security for their derivatives clearing obligations to SGX-DC, the higher of US\$250,000 or 2.5% of monthly average risk margin in cash or irrevocable letter of credit.

In addition, the rules also require its clearing members to provide collateral in the form acceptable to SGX-DC as margin funds to guarantee the performance of the obligations associated with futures or option positions. The total margins required by SGX-DC at 30 June 2007 were approximately \$3,237,705,000 (2006: \$2,813,850,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2007

28. CONTINGENT LIABILITIES (continued)

(a) Singapore Exchange Derivatives Clearing Limited ("SGX-DC") (continued)

As at that date, clearing members had lodged the following collateral with SGX-DC for security deposit and margin fund purposes:

	2007 \$'000	2006 \$'000
Security deposits		
Cash	57,574	49,930
Irrevocable letters of credit	41,081	43,487
Margin funds		
Cash	3,398,343	4,080,718
Quoted government securities, at fair value	1,850,700	883,308
Irrevocable letters of credit	157,178	147,075

All cash deposits are placed in interest bearing accounts with banks. Interest earned on the cash deposits is credited to the derivatives clearing members, with a portion retained by SGX-DC.

As these items are held in trust, none of these assets, together with the corresponding liabilities are recorded in the consolidated balance sheet of the Group.

(b) At the balance sheet date, the Group and the Company have contingent liabilities as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Unsecured guarantees by the derivatives clearing subsidiary to banks for standby letters of credit issued by the banks to Chicago Mercantile Exchange for members' open positions on these exchanges. These guarantees are supported by members' margin deposits as set out above.	283,050	286,200	–	–
Standby line of credit obtained by CDP to the Clearing Fund to be utilised in accordance with CDP's Clearing Rules (Note 6(a))	75,000	75,000	–	–
Unsecured guarantees by the Company in respect of obligations of a subsidiary	–	–	–	5,781
Cash set aside to support SGX-DC Capital for the Clearing Fund to be utilised in accordance with SGX-DC's Clearing Rules (Note 26(b)(i))	68,000	68,000	–	–
Financial guarantee provided to SGX-DC for the Clearing Fund to be utilised in accordance with SGX-DC's Clearing Rules (Note 26(b)(ii))	22,000	22,000	22,000	22,000
	448,050	451,200	22,000	27,781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

29. COMMITMENTS**(a) Operating lease commitments – where a group company is a lessee**

The Company leases its office premises under non-cancellable operating lease agreements. The lease expenditure charged to the income statement during the financial year and the terms of the lease are disclosed in Note 20.

The future aggregate minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Not later than one financial year	12,739	231	12,739	137
Later than one financial year but not later than five financial years	56,261	–	56,261	–
Later than five financial years	30,736	–	30,736	–
	99,736	231	99,736	137

(b) Operating lease commitments – where a group company is a lessor

The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Not later than one financial year	228	228	228	228
Later than one financial year but not later than five financial years	19	247	19	247
	247	475	247	475

(c) Capital commitments

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

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Property, plant and equipment and software	3,344	1,820	–	–

(d) Other expenditure commitments

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fees payable to the Monetary Authority of Singapore for assumption of inspection function on members	2,300	4,600	2,300	4,600
Annual regulatory fee payable to the Monetary Authority of Singapore	1,390	1,390	250	250
	3,690	5,990	2,550	4,850

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

30. RELATED PARTY TRANSACTIONS**Directors' fees and key management's remuneration**

Key management's remuneration included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit is included. The amounts disclosed below include the bonuses payable to the Chairman and the Chief Executive Officer for the financial year which have been approved by the Remuneration Committee and the actual bonuses paid to other key management relating to the preceding financial year. The directors' fees and key management's remuneration are as follows:

	The Group	
	2007 \$'000	2006 \$'000
Salaries and other short-term employee benefits	15,009	11,335
Employer's contribution to Central Provident Fund	58	64
Share-based payment expense	5,637	1,091
	20,704	12,490

Included in the above is total remuneration to directors of the Company amounting to \$10,353,000 (2006: \$6,734,000).

There were no share options granted to key management of the Group during the financial year (2006: nil). During the financial year, 1,686,250 shares (2006: 1,220,000 shares) under performance share plan were granted to key management of the Group.

The performance shares were granted under the same terms and conditions as those offered to other employees of the Company.

31. FINANCIAL RISK MANAGEMENT**(i) Foreign exchange risk**

The Group's foreign exchange exposure arises mainly from the clearing and settlement of various products and services and investments in managed funds denominated in foreign currency. The Group has ensured that there is no concentration of foreign exchange risk in a single foreign currency and excessive foreign currencies are converted back to Singapore dollars. The Group manages the currency exposure through derivative financial instruments such as foreign exchange forward contracts.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

31. FINANCIAL RISK MANAGEMENT (continued)*(ii) Cash flow and fair value interest rate risks (continued)*

The Group's interest rate risks mainly arise from finance lease liabilities, fixed deposits and investments in managed funds. The tables below set out the Group's and the Company's exposure to interest rate risks. Included in the tables are the cash and cash equivalent assets and finance lease liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The Group

	Variable rates		Fixed rates				Non-interest bearing	Total
	Less than 6 months \$'000	6 to 12 months \$'000	Less than 6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		

At 30 June 2007**Assets**

Cash and cash equivalents	25,162	–	585,331	50	–	–	3,148	613,691
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At 30 June 2006**Assets**

Cash and cash equivalents	52,786	–	192,000	50	–	–	1,142	245,978
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Liabilities

Finance lease	–	–	–	–	3,709	–	–	3,709
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The Company

	Variable rates		Fixed rates				Non-interest bearing	Total
	Less than 6 months \$'000	6 to 12 months \$'000	Less than 6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		

At 30 June 2007**Assets**

Cash and cash equivalents	355	–	218,500	–	–	–	298	219,153
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At 30 June 2006**Assets**

Cash and cash equivalents	9,757	–	89,000	–	–	–	465	99,222
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(iii) Counterparty and credit risk

Counterparty and credit risk refers to the potential loss arising from any failure by counterparties to fulfil their obligations, as and when they fall due. The Group's credit exposure arises mainly from clearing related services for securities and derivatives transactions and guarantees provided. The Group has policies in place to only deal with counterparties who meet certain credit requirements, and requires collateral where considered appropriate to reduce its credit risk.

The Group maintains Securities Clearing Funds (Note 6), Securities and Derivatives Fidelity Funds (Note 25), SGX-DC Clearing Fund (Note 26) and SGX-DT Compensation Fund (Note 27) to provide compensation in the event of default and defalcation committed.

(iv) Liquidity risk

The Group, through prudent liquidity risk management, maintains sufficient cash and marketable securities. In addition, the Group has also secured sufficient committed bank facilities to meet the liquidity requirement.

(v) Market risk

The Group is exposed to price risk from its investments in managed funds and unlisted equity securities. The Group manages the risk through active monitoring.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2007

32. COMPARATIVES*(i) Cash flow statement*

In the financial statements for the year ended 30 June 2006, the cash and cash equivalents at the beginning of the financial year disclosed in the consolidated cash flow statement amounted to \$117,882,000. In the financial statements for the year ended 30 June 2007, the beginning balance of cash and cash equivalents for the year ended 30 June 2006 has been restated to \$27,882,000, to reflect the Group's cash commitment of \$90,000,000 to support the SGX-DC Clearing Fund. As this amount is not available for use by the Group other than its intended purpose, it has been excluded from the cash and cash equivalents for the purpose of the consolidated cash flow statement. The new presentation better reflects the cash flows available for use by the Group.

The revised presentation does not result in a change in the net cash movements of the Group.

(ii) Segment information

External revenue reported under segment information for the financial year ended 30 June 2006 has been reclassified as follows to conform with the current segment presentation:

	Securities market \$'000	Derivatives market \$'000	Other operations \$'000	The Group \$'000
2006				
External revenue, as previously reported	281,866	122,444	3,250	407,560
Reclassification from securities to derivatives market and other operations	(1,918)	1,938	(20)	–
	279,948	124,382	3,230	407,560

The reclassification of external revenue between segments is principally due to the reclassification of access fees on structured warrants amounting to \$1,874,000, previously classified in Securities market, to Derivatives market.

The reclassification does not result in a change in the Group's total segment revenue and results.

33. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards which have been published, and not early adopted by the Group are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

FRS 107, *Financial Instruments: Disclosures*, and a complementary Amendment to FRS 1, *Presentation of Financial Statements – Capital Disclosures*

The Group has adopted FRS 107 on 1 July 2007.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in FRS 32, *Financial Instruments: Disclosure and Presentation*.

The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

The Group has assessed the impact of FRS 107 and the amendment to FRS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of FRS 1.

34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue by the Board of Directors on 27 July 2007.

STATISTICS OF SHAREHOLDINGS
As at 1 August 2007

Number of issued and paid-up shares : 1,062,217,600
Class of Shares : Ordinary shares
Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	82	0.74	18,184	0.00
1,000 – 10,000	9,267	83.86	29,293,904	2.76
10,001 – 1,000,000	1,676	15.17	103,742,227	9.77
1,000,001 and above	26	0.23	929,163,285	87.47
Total	11,051	100.00	1,062,217,600	100.00

Based on information available to the Company as at 1 August 2007, approximately 99.62% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	SEL Holdings Pte Ltd ¹	249,991,184	23.53
2	DBS Nominees Pte Ltd	183,822,440	17.31
3	Citibank Nominees Singapore Pte Ltd	119,807,116	11.28
4	HSBC (Singapore) Nominees Pte Ltd	81,067,391	7.63
5	Raffles Nominees Pte Ltd	76,811,325	7.23
6	DB Nominees (S) Pte Ltd	66,126,987	6.23
7	DBSN Services Pte Ltd	63,888,826	6.01
8	Morgan Stanley (S) Securities Pte Ltd	23,127,374	2.18
9	United Overseas Bank Nominees Pte Ltd	19,007,541	1.79
10	Phillip Securities Pte Ltd	10,408,709	0.98
11	Leong Khuen Nyeon	4,876,000	0.46
12	UOB Kay Hian Pte Ltd	3,925,906	0.37
13	Merrill Lynch (Singapore) Pte Ltd	3,446,214	0.32
14	Wong Kong Choo	3,334,000	0.31
15	DBS Vickers Securities (S) Pte Ltd	2,418,000	0.23
16	Nomura Securities Singapore Pte Ltd	1,858,000	0.17
17	Kim Eng Securities Pte. Ltd.	1,452,000	0.14
18	Leong Fee Foon	1,415,000	0.13
19	Phang Tai Tim @ Henry Phang	1,343,949	0.13
20	Toh Lam Tiong	1,310,000	0.12
Total		919,437,962	86.55

¹ Pursuant to Section 11 (2)(b) of the Exchanges (Demutualisation & Merger) Act 1999 (the “Merger Act”), SEL Holdings Pte Ltd (“SEL”), being the special purpose company set up under the Merger Act to hold the SGX shares for the benefit of the Financial Sector Development Fund, shall not exercise or control the exercise of votes attached to the SGX shares. Owing to the restriction in the exercise of votes attached to the shares, SEL is not regarded as a substantial shareholder of SGX.

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders maintained by the Company, the Company had no substantial shareholders as at 1 August 2007.

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE EXCHANGE LIMITED
Company Registration Number: 199904940D
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Singapore Exchange Limited (the “Company”) will be held at SGX Auditorium, 2 Shenton Way, SGX Centre 1, 2nd Level, Singapore 068804 on 28 September 2007 at 10.00 am to transact the following business:

(A) ORDINARY BUSINESS

Resolution 1

To receive and adopt the Directors’ Report and the Audited Accounts for the financial year ended 30 June 2007 with the Auditor’s Report thereon.

Resolution 2

To re-appoint Mr Joseph Yuvaraj Pillay pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, as a director of the Company to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

Resolution 3

To re-elect Mr Chew Choon Seng retiring by rotation under Article 99A of the Company’s Articles of Association (the “Articles”) and who, being eligible, offers himself for re-election.

Resolution 4

To re-elect Mr Ho Tian Yee retiring by rotation under Article 99A of the Articles and who, being eligible, offers himself for re-election.

Resolution 5

To re-elect Mr Low Check Kian retiring by rotation under Article 99A of the Articles and who, being eligible, offers himself for re-election.

Resolution 6

To re-elect Mr Robert Owen retiring by rotation under Article 99A of the Articles and who, being eligible, offers himself for re-election.

Resolution 7

To approve the sum of \$767,800 as directors’ fees for the financial year ended 30 June 2007. (FY2006: \$765,200)

Resolution 8

To declare a net final (tax exempt one-tier) dividend of \$0.30 per share for the financial year ended 30 June 2007. (FY2006: \$0.117 per share)

Resolution 9

To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

(B) SPECIAL BUSINESS**Resolution 10**

That authority be and is hereby given to the directors of the Company to:

- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the Monetary Authority of Singapore) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Resolution 11

That approval be and is hereby given to the directors of the Company to grant awards in accordance with the provisions of the SGX Performance Share Plan and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the SGX Share Option Plan and/or such number of fully-paid shares as may be required to be issued pursuant to the vesting of awards under the SGX Performance Share Plan, provided that the aggregate number of new shares to be issued pursuant to the SGX Share Option Plan and the SGX Performance Share Plan shall not exceed 10 per cent of the total number of issued ordinary shares in the capital of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

(C) TO TRANSACT ANY OTHER BUSINESS AS MAY PROPERLY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

By Order Of The Board



Ms Joyce Fong Foong Chao
Company Secretary
Singapore Exchange Limited
30 August 2007

STATEMENT PURSUANT TO ARTICLE 59 OF THE COMPANY'S ARTICLES OF ASSOCIATION

Ordinary Resolution 10 is to empower the directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent of the issued shares in the capital of the Company (the "50% Limit"), with a sub-limit ("Sub-Limit") of 10 per cent for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time that Ordinary Resolution 10 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 10 is passed, and (b) any subsequent consolidation or sub-division of shares.

Although the Listing Manual of the Singapore Exchange Securities Trading Limited enables the Company to seek a mandate to permit its directors to issue shares up to the 50% Limit if made on a *pro rata* basis to shareholders, and up to a Sub-Limit of 20 per cent if made other than on a *pro rata* basis to shareholders, the Company is nonetheless only seeking a Sub-Limit of 10 per cent. The Company believes that the lower limit sought for the issue of shares made other than on a *pro rata* basis to shareholders is adequate for the time being and will review this limit annually.

Ordinary Resolution 11 is to empower the directors to grant awards pursuant to the SGX Performance Share Plan (which was approved by the shareholders at the Extraordinary General Meeting held on 22 September 2005), as modified by the Remuneration Committee from time to time, and to issue new ordinary shares in the capital of the Company, pursuant to the SGX Share Option Plan (which was approved by shareholders at the Extraordinary General Meeting held on 1 November 2000), as modified by the Remuneration Committee from time to time, and the SGX Performance Share Plan provided that the aggregate number of new ordinary shares to be issued pursuant to the SGX Share Option Plan and the SGX Performance Share Plan shall not exceed 10 per cent of the total number of issued ordinary shares in the capital of the Company from time to time.

Notes:

- (1) An ordinary shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his behalf.
- (2) A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 2 Shenton Way, #19-00 SGX Centre 1, Singapore 068804 not less than 48 hours before the time appointed for holding the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE DATE AND PAYMENT DATE FOR FINAL DIVIDEND

The Company gives notice that, subject to the approval of the shareholders to the final dividend at the Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed from 4 October 2007 after 5.00 pm to 5 October 2007, both dates inclusive, for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 8 October 2007. Duly completed registered transfers of ordinary shares in the capital of the Company received by the Company's Share Registrar, Lim Associates (Pte) Ltd, at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 before 5.00 pm on 4 October 2007, will be registered in the Register of Members and the Transfer Books of the Company to determine shareholders' entitlements to the final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the Company to CDP which will, in turn, distribute the entitlements to the final dividend to CDP account-holders in accordance with its normal practice.

The final dividend, if approved by shareholders, will be paid on 16 October 2007.

Note:

This Notice of Annual General Meeting dated 30 August 2007 set out herein is for information purposes only. We have issued the Notice of Annual General Meeting to the Shareholders in accordance with Section 177 (2) of the Companies Act (Chapter 50), together with our Summary Annual Report.