

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 SGX's corporate governance as a listed company, and is to be read in conjunction with the Self-Regulatory Organisation (SRO) Governance Report which sets out SGX's corporate governance as a self-regulatory authority.

For FY2006, we have structured our Corporate Governance Report in a tabular form, stipulating the principles set out in the Code alongside our Report. Significant new requirements of the Code of Corporate Governance 2005 are highlighted as are the changes made to our corporate governance structure to comply with the additional requirements.

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.

1.1 The board oversees SGX's business affairs. The key matters for board oversight include: (a) approving broad policies, strategies and objectives of the Company; (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.	<i>Guideline 1.1 of the Code: The board's role</i>
1.2 To assist in the execution of its responsibilities, the board has established five board committees, namely, the Audit Committee (AC), the Nominating Committee (NC), the Remuneration Committee (RC), the Risk Management Committee (RMC) and the Conflicts Committee (CC). The terms of reference and composition of each board committee are available at www.sgx.com . The composition of each board committee can also be found in the "Corporate Information" section of the Annual Report.	<i>Guideline 1.3 of the Code: Disclosure on delegation of authority by board to board committees</i>
1.3 The board meets at least four times a year. The frequency of meetings and the attendance of each director at every board and board committee meeting are disclosed in this Report.	<i>Guideline 1.4 of the Code: Board to meet regularly</i>

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<p>1.4 Matters which are specifically reserved to the board for approval are:</p> <ul style="list-style-type: none"> (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 Transactions policy; and (f) any investments or expenditures exceeding \$10 million in total. 	<p><i>Guideline 1.5 of the Code: Matters requiring board approval</i></p>
<p>1.5 SGX conducts a comprehensive orientation programme to familiarise new directors with SGX's business and governance practices. The aim of the orientation programme is to give directors a better understanding of SGX's businesses and allow them to assimilate into their new roles.</p>	<p><i>Guidelines 1.6 and 1.8 of the Code: Directors to receive appropriate training</i></p>
<p>1.6 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 SGX, prohibition on dealings in SGX's securities and restrictions on the disclosure of price-sensitive information. Directors are also informed of regulatory changes initiated by or affecting SGX. All directors are appointed to the board by way of a formal letter of appointment indicating the amount of time commitment required and the scope of duties.</p>	<p><i>Guideline 1.7 of the Code: Formal letter to be provided to directors, setting out duties and obligations</i></p>
<p>1.7 SGX has an on-going training budget for directors to receive further relevant training of their choice in connection with their duties. Relevant courses include programmes conducted by the Singapore Institute of Directors. Directors are also welcome to request further explanations, briefings or information on any aspect of SGX's operations or business issues from management.</p>	<p><i>Guidelines 1.6 and 1.8 of the Code: Directors to receive appropriate training</i></p>
<p>1.8 SGX regards the collective effort to assess the board, as detailed under paragraph 5.1, as an essential component of director development. It forms an active, on-the-job training session where directors have access to their own and management's comments on the board's effectiveness and benchmarking studies comparing board and governance practices of SGX with other listed companies. In addition, a strategy meeting is held for directors annually where experts conduct talks to update the board on trends in exchanges and other relevant topics.</p>	

Principle 2: Board composition and balance

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. No individual or small group of individuals should be allowed to dominate the board's decision-making.

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| 2.1 The board comprises 12 directors. The Chairman and the CEO are the only executive directors while the remaining 10 directors are non-executive and independent of SGX. | <i>Guideline 2.1 of the Code: One-third of directors to be independent</i> |
| 2.2 The board considers that the present board size and number of committees facilitate effective decision-making and are appropriate for the nature and scope of SGX's operations. The board also considers that its directors possess the necessary competencies to lead and govern SGX effectively. | <i>Guideline 2.3 of the Code: Board to determine its appropriate size</i> |
| 2.3 Each director has been appointed on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to SGX and its businesses. Individual directors' profiles can be found in the "Board of Directors" section of the Annual Report. Each of SGX's directors brings valuable insights from different perspectives vital to the strategic interests of SGX. | <i>Guideline 2.4 of the Code: Board to comprise directors with core competencies</i> |
| 2.4 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. | <i>Guidelines 2.5 and 2.6 of the Code: Role of NEDs and regular meetings of NEDs</i> |
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Principle 3: Chairman and CEO

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.

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| 3.1 The roles of the Chairman and CEO are separate and their responsibilities are clearly defined to ensure a balance of power and authority within SGX. | <i>Guideline 3.1 of the Code: Chairman and CEO should be separate persons</i> |
| 3.2 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. | <i>Guideline 3.2 of the Code: Chairman's role</i> |
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<p>3.3 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 SGX.</p> <p>3.4 The board has appointed a Lead Independent Director (LID) in May 2006 to lead and co-ordinate the activities of the NEDs of SGX. The LID will, in particular, aid 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. The LID will co-ordinate informal sessions for the NEDs to meet.</p>	<p><i>New guideline 3.3 of the Code: Appointment of LID where Chairman and CEO are executives</i></p>
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Principle 4: Board membership

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

<p>4.1 The NC's main role is to ensure a rigorous process of board appointments and re-appointments, the determination of independence of each director, and identification of new directors who have the appropriate knowledge, experience and skills to contribute effectively to the board. The NC also reviews the process of succession planning for the organisation.</p> <p>4.2 The NC is chaired by Mr Low Check Kian, an independent NED. Mr Low is not associated with a substantial shareholder, thus complying with the new requirement in Guideline 4.1 of the Code. The NC comprises five directors, the majority of whom are independent.</p> <p>4.3 The NC recommends all appointments and re-appointments of directors to the board and board committees. As an exchange holding company, all appointments and re-appointments to the board, the NC and the CC are subject to the approval of SGX's regulator, the Monetary Authority of Singapore (MAS).</p> <p>4.4 The NC conducts an annual review of directors' independence. Based on the Code's criteria for independence, all the NEDs are independent.</p>	<p><i>Guideline 4.1 of the Code: NC to recommend all board appointments</i></p> <p><i>New guideline 4.1 of the Code: NC to comprise at least three directors, majority of whom are independent; chairman not associated with a substantial shareholder</i></p> <p><i>Guideline 4.2 of the Code: NC responsible for re-nomination of directors</i></p> <p><i>Guideline 4.4 of the Code: NC to determine directors' independence annually</i></p>
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<p>4.5 SGX is also required to comply with MAS' more stringent requirements of independence as set out in The Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005 (SFR 2005). SGX will have the requisite number of independent directors (as defined in the SFR 2005) sitting on the board and board committees after the 2006 Annual General Meeting (AGM), and well before the deadline of the 2007 AGM.</p> <p>4.6 To be independent, a director must be non-executive, and independent of certain business and management relationships with SGX and its subsidiaries. A director cannot have connections with SGX member firms or related companies of SGX member firms to be deemed independent. The director must not be connected to any substantial shareholder of SGX. The NC has ascertained that a majority of the board are independent according to this standard.</p> <p>4.7 As a matter of policy, NEDs are expected to serve for four to six years. The NC may recommend the extension of a director's service. The NC has considered and recommended the extension of the services of Mr Low Check Kian and Mr Ho Tian Yee, who have served for six years as directors.</p> <p>4.8 The policy and procedures for the appointment of NEDs are posted on the SGX website, including a description on the search and nomination process.</p> <p>4.9 SGX places importance on the board renewal process. Since SGX's listing in 2000, only three members of the original board remain.</p>	<p><i>New guideline 4.5 of the Code: Description of process for selection and appointment of new directors to be disclosed</i></p>
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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.

<p>5.1 For the fourth year running, SGX commissioned an independent consultant to conduct a formal and independent assessment of the functions and effectiveness of the board as a whole, based on evaluations by each director and EXCO member.</p>	<p><i>Guideline 5.1 of the Code: Board to implement process to assess board performance and disclose the process in Annual Report</i></p>
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5.2	The board performance targets include a measure aligned with shareholders' interests, such as total shareholder return (TSR), and a comparison of SGX's TSR against other exchanges, as well as a measure to capture its regulatory responsibilities as a SRO. The board is required to ensure that a proper balance is maintained between the commercial objectives and regulatory responsibilities of SGX.	<i>Guideline 5.3 of the Code: Performance criteria should include company's share price performance and benchmark index of industry peers</i>
5.3	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. The criteria for assessment include attendance record, intensity of participation at meetings, the quality of interventions and special contributions.	<i>New guideline 5.4 of the Code: There should be individual evaluation of directors' effective contributions</i>
5.4	The assessment of the Chairman's and the CEO's performance is undertaken by the RC and the results are reviewed by the board.	

Principle 6: Access to information

In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

6.1	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 each 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. Additionally, analyst reports on SGX are forwarded to the board every quarter in order for directors to keep abreast of analysts' views on SGX's performance.	<i>Guideline 6.1 of the Code: Management obliged to provide board with adequate and timely information</i> <i>Guideline 6.2 of the Code: To include background and explanatory information</i>
6.2	Board interaction with, and independent access to, senior management is encouraged. SGX organises a directors' off-site with senior management annually. EXCO members attend board meetings. In addition, board members have the contact details of each EXCO member.	<i>Guideline 6.1 of the Code: Board should have separate, independent access to senior management</i>
6.3	Directors have separate and independent access to the Company Secretary. The Company Secretary's role is to advise the board, through the Chairman, on all governance matters – ensuring that legal and regulatory requirements as well as board policies and procedures are complied with, and facilitating and organising directors' induction and training. The Company Secretary attends all board meetings.	<i>Guideline 6.3 of the Code: Directors to have access to Company Secretary; role of Company Secretary to be clearly defined</i>

6.4	Where directors, whether individually or as a group, require independent professional advice in the furtherance of their duties, the Company Secretary will appoint a professional adviser with costs to be borne by SGX.	<i>Guideline 6.5 of the Code: Procedure for board to take independent professional advice at company's cost</i>
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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.

7.1	The RC reviews matters concerning board and CEO remuneration. The RC approves the framework of remuneration for the entire organisation, including the structuring of the long-term incentive plans. The RC also approves SGX's annual increment and variable bonus pools for distribution to employees of all grades.	
7.2	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. All RC members are non-executive. No RC member or any director is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.	<i>New guideline 7.1 of the Code: RC to consist entirely of NEDs; majority, including RC chairman, must be independent</i>
7.3	The NC, together with the RC chairman, reviews and recommends to the board the specific remuneration packages for executive directors and the CEO upon recruitment. Subsequently, annual increments, variable bonus, share performance 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. SGX's compensation philosophy is set out in the "Remuneration Report" section of the Annual Report.	<i>New guideline 7.2 of the Code: RC to recommend remuneration of directors and CEO, and to review remuneration of senior management</i>
7.4	The RC has access to appropriate advice from an expert human resource adviser who attends all RC meetings.	<i>Guideline 7.3 of the Code: RC should seek expert advice, if necessary</i>

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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 but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

- 8.1 Both the CEO's and the Chairman's service contracts have a variable component linked to performance.

Guideline 8.1 of the Code: Package should align executive directors' interests with shareholders' interests

- 8.2 In FY2006, the RC commissioned a remuneration consultant to advise the RC on the appropriate level of remuneration for its NEDs, considering the contribution, effort, time spent and responsibilities of the NEDs. Based on the recommendations of the consultant, the framework for NED remuneration was revised and approved by the board.

Guideline 8.2 of the Code: Remuneration to consider contribution, effort, time spent and responsibilities

- 8.3 NEDs are remunerated under a framework of basic and attendance fees for serving on the board and board committees.

The parameters for directors' fees are as follows:

- (a) Basic fee – \$40,000 per annum;
- (b) Attendance fee – \$1,200 per meeting;
- (c) Committee fees as follows:
 - (i) AC chairman fee – \$20,000;
 - (ii) AC member fee – \$10,000;
 - (iii) Other committee chairman fee – \$15,000;
 - (iv) Other committee member fee – \$8,000.

- 8.4 Fees for NEDs are subject to the approval of shareholders at the AGM. Executive directors do not receive directors' fees. A breakdown of the fees payable to each director is given in the "Remuneration Report" section of the Annual Report.

- 8.5 NEDs are required to seek nomination and re-election at regular intervals. No compensation is payable for the early termination of a NED.

- 8.6 The CEO's fixed-term contract runs from 1 January 2005 to 31 December 2007. The CEO's compensation package and provisions for early termination were reviewed by the RC and board as provided for under Guideline 8.3 of the Code.

Guideline 8.3 of the Code: Fixed appointment period for executive directors; RC to review compensation for early termination

8.7	The Chairman has a service contract for the duration of his appointment as a director. There are no compensation provisions for the termination of the Chairman's contract.	<i>Guideline 8.6 of the Code: Notice period for service contract to be six months or less</i>
8.8	The RC administers the SGX Performance Share Plan ("the Plan"). Details of the Plan, including awards made thereunder and the performance conditions for the vesting of the awards are found in the "Directors' Report" section of the Annual Report.	

Principle 9: Disclosure on remuneration

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

9.1	Please refer to the "Remuneration Report" section of the Annual Report for disclosure of the remuneration of the executive directors and the EXCO.	
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Principle 10: Accountability

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

10.1	The board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 15 days of the end of the quarter. Annual results are released within 30 days of the financial year-end. In presenting SGX's annual and quarterly financial statements to shareholders, the board aims to provide shareholders with a balanced and clear assessment of SGX's position and prospects.	<i>Guideline 10.1 of the Code: Board's responsibility to provide balanced, understandable assessment of company's performance and position on interim basis</i>
10.2	Management provides directors with a monthly financial management report which includes the monthly management accounts, other financial statements and an analysis of those accounts. The report is submitted within 30 days of the month-end.	<i>Guideline 10.2 of the Code: Management should provide board with management accounts on a monthly basis</i>

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Principle 11: Audit Committee

The board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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| 11.1 | The AC has written terms of reference that are approved by the board and clearly set out its responsibilities (see paragraph 11.5 below). | <i>Guideline 11 of the Code: Board to establish AC with written terms of reference</i> |
| 11.2 | The AC is chaired by Mr Ho Tian Yee and comprises six members, all of whom are independent NEDs based on the Code's criteria. | <i>Guideline 11.1 of the Code: AC should comprise at least three directors, all non-executives, and the majority of whom, including the chairman, are independent</i> |
| 11.3 | The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities. | <i>Guideline 11.2 of the Code: Board to ensure AC members are qualified</i> |
| 11.4 | 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. | <i>Guideline 11.3 of the Code: AC to have explicit authority to investigate and have full access to management and reasonable resources</i> |
| 11.5 | <p>The responsibilities of the AC include:</p> <ul style="list-style-type: none"> (a) to review and approve, on behalf of the board, the Company's financial statements for the first three quarters; (b) to review the fourth quarter and annual financial statements and to recommend them to the board for approval; (c) to review the scope and results of the external and internal audits, and to evaluate, with the assistance of internal and external auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance; (d) to review the cost effectiveness of the external audit and, where the external auditors provide a substantial volume of non-audit services to the Company, to review the nature, extent and costs of such services so as to avoid an erosion of the independence and objectivity of the external auditors; (e) to recommend to the board the nomination of the external auditors and their compensation; and (f) to review the interested person transactions, and improper activities of the Company, if any. | <p><i>Guideline 11.4 of the Code: Duties of AC</i></p>

<p><i>Guideline 11.6 of the Code: AC to review independence of external auditors annually</i></p> |

11.6	At least once a year, the AC meets with the internal and external auditors – without the presence of management – to review any matters that might be raised privately.	<i>Guideline 11.5 of the Code: AC to meet internal and external auditors, without presence of management, annually</i>
11.7	The AC meets at least four times a year with management, in the presence of internal and external auditors.	
11.8	SGX has in place a whistle-blowing framework where staff of the Company can access the AC chairman, Chairman, CEO, members of the EXCO, the Head of Internal Audit & Compliance and the Head of Human Resources to raise concerns about improprieties. Contact details of these persons have been made available to all staff.	<i>New guideline 11.7 of the Code: AC to review arrangements for staff to raise concerns/possible improprieties to AC</i>
11.9	In the review of the financial statements for the year ended 30 June 2006, 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 Financial Reporting Standards in all material aspects.	
11.10	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.	
11.11	The AC had conducted a Request for Proposal exercise during the financial year 2006 for the provision of statutory audit services. The proposals received were evaluated by a selection panel and a shortlist drawn up. The AC interviewed the shortlisted audit firms and decided to nominate for re-appointment, PricewaterhouseCoopers, as the Company's auditors for the financial year 2007.	

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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.

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| <p>12.1 SGX's control environment includes an organisational framework that sets out clearly the roles and responsibilities, reporting lines and delegated authorities of management and staff. The related policies and procedures are documented and disseminated to staff for their compliance. Staff are also made aware of the need to comply with SGX's core corporate values.</p> <p>12.2 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 RMC would be notified of deficiencies in the risk management processes.</p> <p>12.3 The Compliance function assists in maintaining a strong compliance culture in SGX, both in terms of regulations as well as SGX's compliance policies.</p> <p>12.4 The RMC reviews and approves the appropriate risk appetite for SGX to achieve its business strategy. SGX has in place an enterprise-wide risk management framework to enhance its risk management capabilities. The key risks facing SGX 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. SGX's Internal Audit (IA) function 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.</p> <p>12.5 Based on the information provided to the AC, nothing has come to the AC's attention to cause the AC to believe that the system of internal controls and risk management is inadequate.</p> | <p><i>Guideline 12.1 of the Code: AC to review adequacy of financial, operational and compliance controls and risk management policies</i></p> |
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Principle 13: Internal audit

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

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| <p>13.1 IA is an independent function within SGX which reports direct to the AC on audit matters, and to the CEO on administrative matters.</p> | <p><i>Guideline 13.1 of the Code: IA to report to AC chairman, and to CEO administratively</i></p> |
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13.2	IA has adopted the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and has incorporated these standards into IA's audit practices.	<i>Guideline 13.2 of the Code: IA should meet standards set by internationally-recognised professional bodies</i>
13.3	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 SGX's operations. It helps SGX achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.	
13.4	The AC is satisfied that IA has adequate resources to perform its functions, and has appropriate standing within SGX.	<i>Guideline 13.3 of the Code: AC to ensure IA is adequately resourced</i>
13.5	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.	<i>Guideline 13.4 of the Code: AC to ensure adequacy of IA function annually</i>
13.6	Its plans are aligned to the business objectives of SGX. The audit scope is driven primarily from a risk-based audit approach, with audit resources being focused on higher risk assignments. IA also participates in major systems development activities as well as new products and services and outsourcing projects to evaluate the risks, and to ensure that adequate mitigating controls are in place.	
13.7	IA reports are distributed to the AC, management, the external auditors and MAS as and when issued. These reports are discussed with senior management periodically, and with the AC quarterly.	
13.8	IA works closely with the external auditors to discuss IA's audit scope and findings as well as to co-ordinate their specific audit efforts to achieve maximum synergies. IA also works closely with MAS and shares its findings with them.	
13.9	Supervisory reports issued by MAS, the external auditors and IA are actively followed up for implementation by management based on the agreed timelines.	

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Principle 14: Communication with shareholders

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

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| <p>14.1 SGX adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, also direct to shareholders, other investors, analysts, the media, the public and its employees.</p> <p>14.2 SGX issues announcements and news releases on an immediate basis where required under the Listing Manual.</p> <p>14.3 SGX does 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 SGX's quarterly financial results, and webcasts of SGX's half-year and full-year results briefings for analysts and media are available on the SGX website.</p> <p>14.4 For details on SGX's communication with its shareholders, please refer to "Investor relations" in the "Operating and Financial Review" section of the Annual Report.</p> | <p><i>Guideline 14.1 of the Code: Company to regularly convey pertinent information</i></p> |
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Principle 15: Greater shareholder participation

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

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| <p>15.1 The Articles 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 the SGX website to facilitate communication between shareholders on matters that concern them.</p> <p>15.2 The board and management are on hand at general meetings to address questions by shareholders. The external auditors are also present to assist the board.</p> <p>15.3 While SGX does not have a specific limit in the Articles on the number of proxy votes for nominee companies, there is a limit for the number of proxies. This is because SGX does not want to create separate classes of rights in shareholders. Also, under current law, on a show of hands, only one vote is counted.</p> | <p><i>Guideline 15.1 of the Code: Shareholders should be allowed to vote in absentia</i></p> <p><i>Guideline 15.3 of the Code: Committee chairmen and external auditors to be present at AGMs</i></p> <p><i>New guideline 15.4 of the Code: Companies encouraged to amend Articles to avoid imposing limit on number of proxies for nominee companies</i></p> |
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<p>15.4 Additionally, all minutes of general meetings, and a summary of the questions and answers raised at general meetings are publicly available on the SGX website.</p>	<p><i>Guideline 15.5 of the Code: Companies encouraged to prepare minutes and make minutes available to shareholders upon request</i></p>
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16. Code on Share Dealing and Interested Person Transactions policy

<p>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.</p>	
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CORPORATE GOVERNANCE REPORT

Meeting attendance report

Name of director	Board		Audit Committee		Nominating Committee		Remuneration Committee		Risk Management Committee		Conflicts Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
J Y Pillay ⁽¹⁾	7	7	5*	3*	3	3	2	2	2	2	2*	2*
Hsieh Fu Hua ⁽¹⁾	7	7	5*	5*	3*	3*	2	2	2	2	2*	2*
Low Check Kian	7	7	–	–	3	3	2	2	–	–	2	2
Chew Choon Seng	7	6	–	–	–	–	2	2	–	–	–	–
Ho Tian Yee	7	4	5	5	3	2	–	–	2	2	–	–
Lee Hsien Yang	7	7	5	5	–	–	–	–	–	–	–	–
Loh Boon Chye	7	6	5	5	3	3	–	–	2	2	–	–
Olivia Lum Ooi Lin ⁽²⁾	7	5	5	4	–	–	–	–	–	–	2	2
Ng Kee Choe	7	7	–	–	3	2	2	2	2	2	–	–
Robert Owen	7	5	–	–	–	–	–	–	2	1	2	2
Tang Wee Loke	7	5	5	5	–	–	–	–	–	–	–	–
Geoffrey Wong Ee Kay	7	6	5	4	–	–	2	1	–	–	–	–

* By invitation.

⁽¹⁾ Resigned from the Remuneration Committee (RC) on 29 May 2006.

⁽²⁾ Appointed to the RC on 29 May 2006. There were no RC meetings held between 29 May 2006 and 30 June 2006.