



**SINGAPORE EXCHANGE LIMITED**

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## **Unaudited Half Year Financial Statement And Dividend Announcement**

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Financial statements on consolidated results for the half year ended 31 December 2001. Certain items reported for the half year ended 31 December 2000 have been reclassified to conform to this report for the half year ended 31 December 2001.

The financial statements have been prepared in compliance with Singapore Statements of Accounting Standard ("SAS"). New SAS adopted in the current half year include:

- i) SAS 8 - Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies;
- ii) SAS 12 - Income Taxes;
- iii) SAS 17 - Employee Benefits;
- iv) SAS 30 - Interim Financial Reporting;
- v) SAS 31 - Provisions, Contingent Liabilities and Contingent Assets;
- vi) SAS 32 - Financial Instruments: Disclosure and Presentation;
- vii) SAS 33 - Financial Instruments: Recognition and Measurement;
- viii) SAS 34 - Intangible Assets; and
- ix) SAS 36 - Impairment of Assets.

In particular, SAS 33 requires the gain or loss on the effective cash flow hedge to be recognised directly in equity. Accordingly, an amount of \$776,356 was reclassified from trade and other debtors to hedging reserve as of 31 December 2001. SAS 33 specifically requires no retrospective adjustment to be made for the comparative figures as of 31 December 2000.

There are no major adjustments to the financial statements arising from the adoption of these new accounting standards.

These figures have not been audited.

|   | Group                        |                              |        | Company                      |                              |         |
|---|------------------------------|------------------------------|--------|------------------------------|------------------------------|---------|
|   | S\$'000                      |                              | %      | S\$'000                      |                              | %       |
|   | 1 Jul 2001 to<br>31 Dec 2001 | 1 Jul 2000 to<br>31 Dec 2000 | Change | 1 Jul 2001 to<br>31 Dec 2001 | 1 Jul 2000 to<br>31 Dec 2000 | Change  |
| 1.(a) <b>Turnover</b>   |                              |                              |        |                              |                              |         |
| <b>Operating revenue</b>  |                              |                              |        |                              |                              |         |
| - Management fees from subsidiaries   | -                            | -                            | -      | 37,229                       | 36,551                       | 1.9     |
| - Gross dividend income from subsidiaries   | -                            | -                            | -      | -                            | 106,819                      | (100.0) |
| - Clearing and related income   | 49,809                       | 55,861                       | (10.8) | -                            | -                            | -       |
| - Access & terminal fees  | 15,758                       | 14,726                       | 7.0    | -                            | -                            | -       |
| - Account maintenance & processing fees   | 16,788                       | 17,659                       | (4.9)  | -                            | -                            | -       |
| - Listing & membership fees   | 8,253                        | 8,280                        | (0.3)  | -                            | -                            | -       |
| - Price information fees  | 5,916                        | 5,603                        | 5.6    | -                            | -                            | -       |
| - Sale of software & other computer services  | 3,028                        | 3,376                        | (10.3) | -                            | -                            | -       |
| - Other operating revenue   | 3,215                        | 3,162                        | 1.7    | 607                          | 792                          | (23.4)  |
| Total operating revenue   | 102,767                      | 108,667                      | (5.4)  | 37,836                       | 144,162                      | (73.8)  |
| 1.(b) Investment income #   | 8,059                        | 5,521                        | 46.0   | 7,796                        | 4,958                        | 57.2    |
| 1.(c) Other income including interest income  | 3,484                        | 5,583                        | (37.6) | 599                          | 2,238                        | (73.2)  |
| 2.(a) Profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items and after charging:- | 47,934                       | 58,938                       | (18.7) | 12,016                       | 118,696                      | (89.9)  |
| - Staff costs   | (33,057)                     | (32,673)                     | 1.2    | (20,445)                     | (20,585)                     | (0.7)   |
| - Occupancy costs   | (8,806)                      | (7,027)                      | 25.3   | (4,414)                      | (4,099)                      | 7.7     |
| - System maintenance & rental   | (9,775)                      | (8,000)                      | 22.2   | (4,063)                      | (4,387)                      | (7.4)   |
| - Other operating expenses  | (14,738)                     | (13,133)                     | 12.2   | (5,293)                      | (3,591)                      | 47.4    |
| 2.(b)(i) Interest on borrowings   | -                            | -                            | -      | -                            | -                            | -       |
| 2.(b)(ii) Depreciation and amortisation   | (10,184)                     | (9,765)                      | 4.3    | (4,082)                      | (3,351)                      | 21.8    |
| 2.(b)(iii) Foreign exchange gain/(loss)   | 220                          | 83                           | 165.1  | (18)                         | -                            | NA      |
| 2.(c) Exceptional items ##  | (7,000)                      | (20,545)                     | (65.9) | (7,000)                      | (20,545)                     | (65.9)  |
| 2.(d) Profit/(Loss) before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items   | 30,970                       | 28,711                       | 7.9    | 916                          | 94,800                       | (99.0)  |
| 2.(e) Share of losses of joint venture  | (31)                         | -                            | NA     | -                            | -                            | -       |
| 2.(f) Less income tax   | (10,675)                     | (9,951)                      | 7.3    | (2,251)                      | (25,154)                     | (91.1)  |
| 2.(g)(i) Profit/(Loss) after tax before deducting minority interests  | 20,264                       | 18,760                       | 8.0    | (1,335)                      | 69,646                       | NA      |
| 2.(g)(ii) Minority interests  | 1,456                        | -                            | NA     | -                            | -                            | -       |
| 2.(h) Profit/(Loss) after tax attributable to shareholders of the company   | 21,720                       | 18,760                       | 15.8   | (1,335)                      | 69,646                       | NA      |

|   | Group                        |                              |        | Company                      |                              |        |
|---|------------------------------|------------------------------|--------|------------------------------|------------------------------|--------|
|   | S\$'000                      |                              | %      | S\$'000                      |                              | %      |
|   | 1 Jul 2001 to<br>31 Dec 2001 | 1 Jul 2000 to<br>31 Dec 2000 | Change | 1 Jul 2001 to<br>31 Dec 2001 | 1 Jul 2000 to<br>31 Dec 2000 | Change |
| 2.(i)(i) Extraordinary items  | -                            | -                            | -      | -                            | -                            | -      |
| 2.(i)(ii) Less minority interests   | -                            | -                            | -      | -                            | -                            | -      |
| 2.(i)(iii) Extraordinary items attributable to shareholders of the company                        | -                            | -                            | -      | -                            | -                            | -      |
| 2.(i)(iv) Transfer to/from Exchange Reserve   | -                            | -                            | -      | -                            | -                            | -      |
| 2.(i)(v) Transfer to Capital Reserve  | -                            | -                            | -      | -                            | -                            | -      |
| 2.(i)(vi) Transfer to Reserve Fund  | -                            | -                            | -      | -                            | -                            | -      |
| 2.(j) Profit/(Loss) after tax and extraordinary items attributable to shareholders of the company | 21,720                       | 18,760                       | 15.8   | (1,335)                      | 69,646                       | NA     |

# Investment income comprises realised and unrealised gains or losses, and interest income from managed funds and fixed income securities.

## See Paragraph 4d.

NA: Not applicable.

|   | Group Figures                |                              |
|---|------------------------------|------------------------------|
|   | 1 Jul 2001 to<br>31 Dec 2001 | 1 Jul 2000 to<br>31 Dec 2000 |
| 3.(a) Earnings per share based on 2(h) above:-  | Cents                        | Cents                        |
| (i) Based on existing issued share capital  | 2.17                         | 2.48                         |
| (ii) On a fully diluted basis   | 2.17                         | 2.47                         |
| 3.(b) Earnings per share based on 2(j) above:-  |                              |                              |
| (i) Based on existing issued share capital  | 2.17                         | 2.48                         |
| (ii) On a fully diluted basis   | 2.17                         | 2.47                         |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | 1,000,000                    | 757,477                      |
| Adjustment for assumed conversion of share options ('000)                               | -                            | 1,206                        |
| Weighted average number of ordinary shares for diluted earnings per share ('000) @      | 1,000,000                    | 758,683                      |
| 3.(c) Net tangible asset backing per ordinary share @@                                  | 81.94                        | 82.33                        |

@ The weighted average number of ordinary shares for the financial year ended 30 June 2001 has been used to compute the comparative earnings per share to provide a better comparison of earnings per share.

@@ Net tangible asset backing per ordinary share is computed based on the existing share capital of 1 billion ordinary shares as at 31 December 2001 and 31 December 2000.

4.(a) **Amount of Adjustment for Under-provision of Tax in respect of Previous Years**

The Group's tax charge for the 6 months ended 31 December 2001 included an amount of S\$26,143 in respect of FY2001.

4.(b) **Amount of Pre-Acquisition Profits**

Nil.

4.(c) **Amount of Gain/(Loss) on Sale of Investments**

|   | S\$'000                      | S\$'000                      |
|---|------------------------------|------------------------------|
|   | 1 Jul 2001 to<br>31 Dec 2001 | 1 Jul 2000 to<br>31 Dec 2000 |
| Realised loss arising from equity investments             | -                            | (20,545)                     |
| Realised gain/(loss) arising from fixed income securities | 1,895                        | (1,260)                      |
| Total   | <u>1,895</u>                 | <u>(21,805)</u>              |

4.(d) **Other Comments Relating to Paragraph 4**

A provision of \$7 million has been made in the first half of FY2002 for estimated surplus leased premises as a result of the relocation to SGX Centre. In previous period, the exceptional item related to the liquidation of all our equity portfolio.

**5(a) Review of the Performance of the Company and its Subsidiaries**

SGX group's business comprises mainly the Securities Market and Derivatives Market. We present herewith the unaudited financial information for the half year ended 31 December 2001.

**5(a)(i) Half Year Results – 6 Months ended 31 December 2001 vs 6 Months ended 31 December 2000**

***Net Profit / Operating Profit***

The group recorded \$21.7 million net profit after tax and minority interests, and \$26.4 million operating profit for the current half year ended 31 December 2001. This compared to \$18.8 million net profit after tax and minority interests, and \$38.2 million operating profit for the previous corresponding half year.

***Operating Revenue***

The group generated operating revenue of \$102.7 million for the current half year, compared to \$108.7 million for the previous corresponding half year. The 5.4% decrease was mainly attributable to the decrease in income from the Securities Market.

Securities trading value dropped 19.2% to \$61.6 billion in the current half year, from \$76.2 billion of the previous corresponding half year. This resulted in 19.7% decrease in securities clearing fees to \$30.9 million from \$38.4 million. Account maintenance and processing fees, which are also dependent on the level of securities market activity, decreased by 4.9% to \$16.8 million in the current half year from \$17.7 million in the previous corresponding half year.

Access and terminal fees, on the other hand, increased by 7.0% to \$15.8 million in the current half year from \$14.7 million in the previous corresponding half year, mainly due to the monthly SESOPS fee increase from \$400 to \$480 per terminal from 1 October 2001 onward.

Derivatives trading experienced record volume which increased 22.7% to 15.9 million contracts in the current half year from 12.9 million contracts in the previous corresponding half year, largely on higher Eurodollar trading volume. This resulted in 8.7% increase in derivatives clearing fees to \$18.9 million from \$17.5 million.

***Operating Costs***

Total operating costs increased by 8.3% to \$76.3 million in the current half year from \$70.5 million of the previous corresponding half year. This amount includes the consolidation of all expenses of Asia Converge Pte Ltd, a new business unit owned 51% by SGX. Asia Converge Pte Ltd's expenses for the first half of the year amounted to \$2.4 million (excluding inter-company transactions), or 41% of the expense increase compared to the previous corresponding half year.

Staff costs increased slightly by 1.2% to \$33.1 million. Occupancy costs and system maintenance costs increased by 25.3% and 22.2% respectively across the periods as a result of our capacity building activities for long-term growth.

Other major expenses for the current half year included \$0.7 million fixed asset write-off on relocation to the new premises at SGX Centre.

### ***Performance of the Securities Market***

For the half year ended 31 December 2001, the Securities Market generated \$67.8 million of operating revenue and \$37.7 million of segment profit. This compared to \$74.1 million of operating revenue and \$42.3 million of segment profit for the previous corresponding half year.

It has been a challenging six months. A weaker global economy has been adversely impacting the volume in global securities markets, including ours. The market conditions also discouraged initial public offerings, which dropped to 14 in the current half year from 41 of the previous corresponding half year.

The number of Securities Market members stayed at 32 as at 31 December 2001, unchanged from 31 December 2000, despite the recent consolidation and merger activities in the local brokerage industry.

### ***Performance of the Derivatives Market***

For the current half year, the Derivatives Market generated \$28.8 million of operating revenue and \$6.3 million of segment profit. This compared to \$27.4 million of operating revenue and \$6.7 million of segment profit for the previous corresponding half year.

Our Derivatives Market registered a 22.7% volume growth to 15.9 million contracts in the current half year from 12.9 million contracts in the previous corresponding half year. Record volumes were achieved in September and November 2001 with 3.4 million contracts traded, compared to the previous record high of 3.2 million contracts traded in June 1999.

The volume growth was mainly attributable to the active trading in Eurodollar contracts on increased volatility of interest rates on the recent actions by the U.S. Federal Reserve Board. Eurodollar trading volume in the current half year increased 108% to 9.4 million contracts from 4.5 million contracts in the previous corresponding half year, and represented 59% of our total derivatives volume for the current half year. MSCI Taiwan Index Futures contract trading volume also grew by 12% to 2.1 million contracts in the current half year compared to 1.8 million contracts in the previous corresponding period. The Euroyen trading volume, in contrast, fell by 65% to 1.1 million contracts on the lower yen interest rate volatility.

On the domestic front, the Singapore Government Bond Futures contract, which started in June 2001, registered a total trade of 78,257 contracts for the current half year. Singapore Dollar Interest Rate Futures contract recorded a total trade of 53,874 contracts during the current half year, an increase of 4% over the previous corresponding half year. Single Stock Futures contracts, since their launch on 26 October 2001, recorded a total trading volume of 6,575 contracts to 31 December 2001. We expect interest in this new product to increase with additional marketing and educational efforts.

Trading volume in our electronic market (ETS) increased by 21.1% to 759,760 contracts in the current half year compared to 627,278 contracts in the previous corresponding half year. This was mainly attributable to business development and marketing efforts on the Singapore equity index and the new Singapore-dollar government bond products.

### ***Exceptional Item***

A provision of \$7.0 million has been made for estimated surplus leased premises as a result of the relocation to SGX Centre.

### ***Investment Performance***

The investment portfolios managed by independent fund managers appreciated by \$7.8 million for the current half year as a result of favourable fixed income market performance on lower interest rates. This compared to an appreciation of \$4.5 million for the previous corresponding half year.

The previous corresponding half year recorded an exceptional loss of \$20.5 million arising from the liquidation of SGX's equity portfolios managed by independent fund managers. Please refer to paragraph 4d.

Interest from bank deposits amounted to \$3.0 million for the current half year, \$1.9 million lower than the previous corresponding half year, on the lower average deposit balance and lower interest rates.

### ***Balance Sheet***

The Group remained debt-free and its major assets comprise \$309.7 million placed with independent fund managers, \$216.0 million of cash and cash equivalents, and the SGX Centre new premises at net book value of \$214.0 million. The Group's net assets amounted to \$819.4 million as at 31 December 2001, compared to \$823.3 million as at 31 December 2000.

### ***Cash Flow***

The Group had net cash outflow of \$14.8 million for the current half year. This compared to \$321.1 million net cash outflow for the previous corresponding half year, mainly as a result of the \$330 million placement with independent fund managers.

### ***Contingent Liabilities***

At the end of the current half year, we had unsecured contingent liabilities to banks for standby letters of credit issued to Chicago Mercantile Exchange and London Clearing House of US\$38.0 million and US\$1.6 million respectively. These standby letters of credit provided guarantees as margin for the open positions of our clearing members, and were in turn supported by the margin funds placed with us by the latter.



**5(a)(ii) Quarterly Results – 3 Months ended 31 December 2001 vs 3 Months ended 30 September 2001**

***Group Financial Highlights – 2Q FY2002 vs 1Q FY2002***

| (S\$'000)   | <u>2Q FY2002</u> | <u>1Q FY2002</u> |
|---|------------------|------------------|
| <b>Operating Revenue</b>  |                  |                  |
| Clearing and Related Income   | 26,026           | 23,783           |
| Access & Terminal Fees  | 8,348            | 7,410            |
| Account Maintenance & Processing Fees   | 8,686            | 8,102            |
| Listing & Membership Fees   | 4,169            | 4,084            |
| Price Information Fees  | 3,134            | 2,782            |
| Sale of Software & Other Computer Services  | 1,944            | 1,084            |
| Other Operating Revenue   | 1,807            | 1,408            |
|   | 54,114           | 48,653           |
| Investment Income   | 2,227            | 5,832            |
| Other income including interest income  | 1,560            | 1,924            |
| Profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items and after charging:- | 23,899           | 24,035           |
| Staff Costs   | (17,424)         | (15,633)         |
| Occupancy Costs   | (4,440)          | (4,366)          |
| System Maintenance & Rental   | (4,943)          | (4,832)          |
| Other Operating Expenses  | (7,195)          | (7,543)          |
| Interest on borrowings  | -                | -                |
| Depreciation and amortisation   | (5,779)          | (4,405)          |
| Foreign exchange gain/(loss)  | 447              | (227)            |
| Exceptional item  | (7,000)          | -                |
| Profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional item           | 11,567           | 19,403           |
| Share of losses of joint venture  | (7)              | (24)             |
| Less Income Tax   | (5,250)          | (5,425)          |
| Profit After Tax before deducting minority interests  | 6,310            | 13,954           |
| Minority Interest   | 918              | 538              |
| Profit After Tax and Minority Interest  | 7,228            | 14,492           |

### ***Net Profit / Operating Profit***

The group recorded \$7.2 million net profit after tax and minority interests, and \$14.8 million operating profit for the second quarter ended 31 December 2001. This compared to \$14.5 million net profit after tax and minority interests, and \$11.6 million operating profit for the first quarter ended 30 September 2001.

### ***Operating Revenue***

The group generated operating revenue of \$54.1 million for the current quarter, compared to \$48.7 million for the previous quarter. The 11.2% increase was mainly attributable to the increase in income from the Securities Market.

Although securities trading values were largely unchanged at about \$31 billion for each quarter, securities clearing fee increased to \$16.6 million in the second quarter from \$14.3 million in the first quarter. This was mainly due to an increase in volume of non-capped transactions and the impact of securities market fee revision implemented in the second quarter.

For the Derivatives Market, trading volume and clearing fees remained fairly constant, at around 7.9 million contracts and \$9.5 million respectively for each quarter.

### ***Operating Costs***

Total operating costs increased by 6.3% to \$39.3 million from \$37.0 million between the two quarters.

Staff costs increased 11.5% to \$17.4 million mainly due to a \$0.8 million write-back of FY2001 bonus provision in the first quarter, and additional staff remuneration relating to the consolidation of Asia Converge Pte Ltd's results. Depreciation charges increased by 31.2% mainly due to the depreciation charges of SGX Centre new premises and other new projects which commenced in the second quarter.

### ***Performance of the Securities Market***

The Securities Market generated \$36.1 million of operating revenue and \$20.4 million of segment profit for the second quarter, compared to \$31.7 million of operating revenue and \$17.3 million of segment profit for the first quarter.

Securities trading value remained at the same level of around \$31.0 billion. Meanwhile, IPO listings dropped from 8 to 6 in the second quarter.

### ***Performance of the Derivatives Market***

For the second quarter ended 31 December 2001, the Derivatives Market reported \$14.6 million of operating revenue and \$2.6 million of segment profit. This compared to \$14.2 million of operating revenue and \$3.7 million of segment profit for the first quarter.

Trading volume of the derivatives market for the two quarters remained fairly constant at about 7.9 million.

### ***Exceptional Item***

A provision of \$7.0 million has been made for estimated surplus leased premises as a result of the relocation to SGX Centre.

### ***Investment Performance***

The investments placed with fund managers appreciated by \$2.2 million in the second quarter, compared to appreciation of \$5.6 million in the first quarter.

Interest from bank deposits of \$1.3 million for the second quarter was \$0.4 million lower than that of the first quarter on lower interest rates.

## **5(b) Unusual Items After the Financial Period**

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the period between 31 December 2001 and the date of this report, which would affect substantially the results of the operations of the Company and the Group for the current half year.

## **6 Current Year Prospects And Initiatives**

Our operating revenue is primarily dependent on the level of activity on our exchanges, including the volume and value of the securities and derivatives contracts traded. Other factors such as the number and market capitalization of listed entities, and the number of new listings also affect our revenue.

Global equity market conditions remain uncertain, since our first quarter result announcement. However, we are not aware of any business factors, other than those disclosed in this announcement, that will have a substantially adverse impact on the Group's business performance.

We highlight below our business initiatives and the corresponding time frame on a calendar year basis.

6(a) **Securities Market Initiatives**

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

To ensure that our listing requirements suit market needs and practices, we have conducted a comprehensive review of our listing manual, and have completed the public consultation process. The proposed amendments have been submitted to the relevant authorities for approval.

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

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

- ***SGXAccess***  
On 29 March 2001, we launched SGXAccess, an open interface for securities trading which provides for wider and more direct distribution of products. SGXAccess uses a widely accepted international protocol (FIX 4.2) and allows brokers to differentiate their products to clients.  
  
Eight members have already adopted SGXAccess, and we continue to market SGXAccess to other member companies, on-line brokers and potential overseas brokers and traders.
- ***Exchange Traded Funds (ETFs)***  
ETFs are indexed funds or baskets of stocks that trade in the same way as individual stocks. Further to the 5 ETFs launched in May 2001, we are now working closely with State Street Global Advisors (SSgA) on the development and marketing of an ETF based on the Straits Times Index (STI). SSgA has applied for the listing of STI Tracker on SGX-ST and has received approval. We expect to launch the local STI ETF in the first quarter of 2002.

- ***Securities Borrowing and Lending***

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

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

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

- ***Straight Through Processing***

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

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

- ***Cross Border Linkage Infrastructure***

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

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

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

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

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

#### **6(b) Derivatives Market Initiatives**

Following are highlights of major projects:

- ***Global Access to SGX-DT Electronic Trading System (ETS)***  
We have been actively working with independent software vendors (ISVs) and Corporate Members to develop direct interfaces to the ETS. SGX-DT products on ETS can then be accessed directly through such ISVs/proprietary front-ends globally through internet and other leased or private network lines. Several ISVs and member companies are already successfully connected to the ETS from several major overseas markets.
- ***Palm/Pocket PC Access to Derivatives Trading***  
The ETS has been accessible globally from palm/pocket PCs since 26 October 2001. The SGX derivatives contracts which can be traded via palm/pocket PCs include Euroyen Futures, Japanese Government Bond Futures, Nikkei 225 Futures, Nikkei 300 Futures, MSCI Taiwan Index Futures, MSCI Singapore Index Futures, Straits Times Index Futures, S&P CNX NIFTY Index Futures, 5-year Singapore Government Bond futures and Single Stock Futures.
- ***Singapore Dollar Interest Rate Futures and Nikkei 225 Options Contracts***  
Singapore Dollar Interest Rate Futures (SD) and Nikkei 225 Options contracts were made available for trading via the ETS with effect from 23 November 2001 and 27 August 2001 respectively. SGX members, traders and customers may therefore trade these two contracts electronically through ETS terminals, terminals provided by independent software vendors, or palm/pocket PCs.

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

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

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

6(c) **IT Solutions (SGX-ITS) Initiatives**

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

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

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

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

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

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

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

6(d) **Technology and System Initiative**

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

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

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

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



## **Dividend**

### *Latest Period*

|                     |                                   |
|---------------------|-----------------------------------|
| Name of Dividend    | Interim                           |
| Dividend Type       | Cash                              |
| Dividend Rate       | 300 % per ordinary share less tax |
| Par value of shares | S\$0.01                           |
| Tax Rate            | 24.5%                             |

### *Previous Corresponding Period*

|                     |                                   |
|---------------------|-----------------------------------|
| Name of Dividend    | Interim                           |
| Dividend Type       | Cash                              |
| Dividend Rate       | 300 % per ordinary share less tax |
| Par value of shares | S\$0.01                           |
| Tax Rate            | 24.5%                             |

*(c) Date payable*

The interim dividend will be paid on 27 March 2002.

*(d) Books Closing date*

Registrable transfers received by the Company up to 5.00 pm on 15 March 2002 will be registered before entitlements to the dividends are determined.

*(e) Any other comments relating to Paragraph 7*

The Directors are pleased to announce an interim gross dividend for the half year ended 31 December 2001 of S\$0.03 per share, or \$0.02265 per share net of Singapore income tax of 24.5%, amounting to S\$22,650,000.

The Directors expect to declare and pay annual dividends of not less than 50% of the annual net profit after tax and after contribution, if any, to the fidelity funds. However, the declaration and payment of any dividends, and the timing and amount of any dividends, is subject to the discretion of the Directors. Any future determination by the Directors to pay dividends will be based upon the Group's earnings, cash flow, financial condition and capital requirements and other conditions the Directors deem relevant.

8. **Details of Changes in the Company's Issued Share Capital**  
Nil.

9. **Comparative Figures of the Group's Borrowings and Debt Securities**

| As at 31/12/2001 |           | As at 31/12/2000 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| Nil              | Nil       | Nil              | Nil       |
| Nil              | Nil       | Nil              | Nil       |

*(a) Amount repayable in one year or less, or on demand*

*(b) Amount repayable after one year*

*(c) Any other comments relating to Paragraph 9*

Nil.

## 10.(a) Balance Sheets

|   | Group              |                    | Company            |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | As at<br>31 Dec 01 | As at<br>31 Dec 00 | As at<br>31 Dec 01 | As at<br>31 Dec 00 |
|   | S\$'000            | S\$'000            | S\$'000            | S\$'000            |
| <b>Current assets</b>   |                    |                    |                    |                    |
| Cash and cash equivalents   | 215,956            | 280,293            | 23,734             | 93,491             |
| Trade and other debtors   | 189,196            | 292,815            | 38,147             | 17,376             |
| Derivatives margin funds  | 1,474,338          | 1,504,488          | -                  | -                  |
| Securities clearing funds   | 36,252             | 33,561             | -                  | -                  |
| Investments   | 330,743            | 345,861            | 309,717            | 314,540            |
|   | 2,246,485          | 2,457,018          | 371,598            | 425,407            |
| <b>Non-current assets</b>   |                    |                    |                    |                    |
| Property, plant and equipment                                     | 292,283            | 185,559            | 52,924             | 33,707             |
| Club memberships, at cost   | 728                | 728                | 728                | 728                |
| Subsidiaries  | -                  | -                  | 391,840            | 391,340            |
|   | 293,011            | 186,287            | 445,492            | 425,775            |
| Net assets of securities<br>and derivatives fidelity funds        | 51,564             | 50,661             | -                  | -                  |
| <b>Total assets</b>   | <b>2,591,060</b>   | <b>2,693,966</b>   | <b>817,090</b>     | <b>851,182</b>     |
| <b>Current liabilities</b>  |                    |                    |                    |                    |
| Trade and other creditors   | 200,783            | 280,314            | 14,966             | 9,540              |
| Derivatives margin funds  | 1,474,338          | 1,504,488          | -                  | -                  |
| Securities clearing members'<br>contributions to clearing funds   | 11,252             | 8,561              | -                  | -                  |
| Provision for surplus leased premises                             | 1,600              | -                  | 1,600              | -                  |
| Taxation  | 22,556             | 22,989             | 3,573              | 930                |
|   | 1,710,529          | 1,816,352          | 20,139             | 10,470             |
| <b>Non-current liabilities</b>                                    |                    |                    |                    |                    |
| Provision for surplus leased premises                             | 5,400              | -                  | 5,400              | -                  |
| Deferred taxation   | 1,679              | 3,638              | -                  | -                  |
|   | 7,079              | 3,638              | 5,400              | -                  |
| <b>Total liabilities</b>  | <b>1,717,608</b>   | <b>1,819,990</b>   | <b>25,539</b>      | <b>10,470</b>      |
| <b>Net assets</b>   | <b>873,452</b>     | <b>873,976</b>     | <b>791,551</b>     | <b>840,712</b>     |
| <b>Equity</b>   |                    |                    |                    |                    |
| Share capital   | 10,000             | 10,000             | 10,000             | 10,000             |
| Share premium   | 305,537            | 305,537            | 305,537            | 305,537            |
| Retained profits and general reserve                              | 456,981            | 460,111            | 453,364            | 502,525            |
| Clearing fund reserve   | 25,000             | 25,000             | -                  | -                  |
| Hedging reserve   | (776)              | -                  | -                  | -                  |
| Translation reserve   | 32                 | 17                 | -                  | -                  |
| Proposed dividends  | 22,650             | 22,650             | 22,650             | 22,650             |
| Share capital and reserves  | 819,424            | 823,315            | 791,551            | 840,712            |
| <b>Minority interests</b>   | 2,464              | -                  | -                  | -                  |
| Accumulated funds of securities<br>and derivatives fidelity funds | 51,564             | 50,661             | -                  | -                  |
|   | 873,452            | 873,976            | 791,551            | 840,712            |

## 10.(b) Changes in Equity

### (i) Consolidated statement of changes in equity for half year ended 31 December 2001

|  | Share capital | Share premium * | Retained profits and general reserve | Clearing fund reserve * | Hedging reserve * | Translation reserve * | Proposed dividends | Total    |
|--|---------------|-----------------|--------------------------------------|-------------------------|-------------------|-----------------------|--------------------|----------|
|  | \$'000        | \$'000          | \$'000                               | \$'000                  | \$'000            | \$'000                | \$'000             | \$'000   |
| <b>Balance at 1 July 2001</b>  |               |                 |                                      |                         |                   |                       |                    |          |
| - as previously reported   | 10,000        | 305,537         | 457,911                              | 25,000                  | -                 | 28                    | -                  | 798,476  |
| - effect of adopting SAS 31  | -             | -               | -                                    | -                       | -                 | -                     | 32,465             | 32,465   |
| - effect of adopting SAS 33  | -             | -               | -                                    | -                       | (1,755)           | -                     | -                  | (1,755)  |
| - as restated  | 10,000        | 305,537         | 457,911                              | 25,000                  | (1,755)           | 28                    | 32,465             | 829,186  |
| Gain/(Loss) on hedging   |               |                 |                                      |                         |                   |                       |                    |          |
| - unrealised   | -             | -               | -                                    | -                       | 679               | -                     | -                  | 679      |
| - transfer to profit and loss  | -             | -               | (300)                                | -                       | 300               | -                     | -                  | -        |
| Net profit before realisation of hedging reserve                             | -             | -               | 22,020                               | -                       | -                 | -                     | -                  | 22,020   |
| Net profit for the financial period  | -             | -               | 21,720                               | -                       | 979               | -                     | -                  | 22,699   |
| Currency translation differences recognised directly in shareholders' equity | -             | -               | -                                    | -                       | -                 | 4                     | -                  | 4        |
| <b>Total recognised gains for the financial period</b>                       | -             | -               | 21,720                               | -                       | 979               | 4                     | -                  | 22,703   |
| Dividends - FY2001   | -             | -               | -                                    | -                       | -                 | -                     | (32,465)           | (32,465) |
| Proposed dividends - FY2002  | -             | -               | (22,650)                             | -                       | -                 | -                     | 22,650             | -        |
| <b>Balance at 31 December 2001</b>   | 10,000        | 305,537         | 456,981                              | 25,000                  | (776)             | 32                    | 22,650             | 819,424  |

### (ii) Consolidated statement of changes in equity for half year ended 31 December 2000

|  | Share capital | Share premium * | Retained profits and general reserve | Clearing fund reserve * | Hedging reserve * | Translation reserve * | Proposed dividends | Total   |
|--|---------------|-----------------|--------------------------------------|-------------------------|-------------------|-----------------------|--------------------|---------|
|  | \$'000        | \$'000          | \$'000                               | \$'000                  | \$'000            | \$'000                | \$'000             | \$'000  |
| <b>Balance at 1 July 2000</b>                                | 62            | 308,278         | 464,001                              | 25,000                  | -                 | 17                    | -                  | 797,358 |
| Net profit - total recognised gains for the financial period | -             | -               | 18,760                               | -                       | -                 | -                     | -                  | 18,760  |
| Bonus issue of ordinary shares                               | 2,741         | (2,741)         | -                                    | -                       | -                 | -                     | -                  | -       |
| Issue of ordinary share capital                              | 7,197         | -               | -                                    | -                       | -                 | -                     | -                  | 7,197   |
| Proposed dividends - FY2001                                  | -             | -               | (22,650)                             | -                       | -                 | -                     | 22,650             | -       |
| <b>Balance at 31 December 2000</b>                           | 10,000        | 305,537         | 460,111                              | 25,000                  | -                 | 17                    | 22,650             | 823,315 |

\* Non-distributable reserves are not available for distribution as cash dividends to the shareholders of the Company.

(iii) Statement of changes in equity for half year ended 31 December 2001 - Company

|   | Share capital | Share premium * | Retained profits and general reserve | Clearing fund reserve * | Hedging reserve * | Translation reserve * | Proposed dividends | Total          |
|---|---------------|-----------------|--------------------------------------|-------------------------|-------------------|-----------------------|--------------------|----------------|
|   | \$'000        | \$'000          | \$'000                               | \$'000                  | \$'000            | \$'000                | \$'000             | \$'000         |
| <b>Balance at 1 July 2001</b>                                 |               |                 |                                      |                         |                   |                       |                    |                |
| - as previously reported                                      | 10,000        | 305,537         | 477,349                              | -                       | -                 | -                     | -                  | 792,886        |
| - effect of adopting SAS 31                                   | -             | -               | -                                    | -                       | -                 | -                     | 32,465             | 32,465         |
| - as restated   | 10,000        | 305,537         | 477,349                              | -                       | -                 | -                     | 32,465             | 825,351        |
| Net profit - total recognised losses for the financial period | -             | -               | (1,335)                              | -                       | -                 | -                     | -                  | (1,335)        |
| Dividends - FY2001  | -             | -               | -                                    | -                       | -                 | -                     | (32,465)           | (32,465)       |
| Proposed dividends - FY2002                                   | -             | -               | (22,650)                             | -                       | -                 | -                     | 22,650             | -              |
| <b>Balance at 31 December 2001</b>                            | <u>10,000</u> | <u>305,537</u>  | <u>453,364</u>                       | <u>-</u>                | <u>-</u>          | <u>-</u>              | <u>22,650</u>      | <u>791,551</u> |

(iv) Statement of changes in equity for half year ended 31 December 2000 - Company

|  | Share capital | Share premium * | Retained profits and general reserve | Clearing fund reserve * | Hedging reserve * | Translation reserve * | Proposed dividends | Total          |
|--|---------------|-----------------|--------------------------------------|-------------------------|-------------------|-----------------------|--------------------|----------------|
|  | \$'000        | \$'000          | \$'000                               | \$'000                  | \$'000            | \$'000                | \$'000             | \$'000         |
| <b>Balance at 1 July 2000</b>                                | 62            | 308,278         | 455,529                              | -                       | -                 | -                     | -                  | 763,869        |
| Net profit - total recognised gains for the financial period | -             | -               | 69,646                               | -                       | -                 | -                     | -                  | 69,646         |
| Bonus issue of ordinary shares                               | 2,741         | (2,741)         | -                                    | -                       | -                 | -                     | -                  | -              |
| Issue of ordinary share capital                              | 7,197         | -               | -                                    | -                       | -                 | -                     | -                  | 7,197          |
| Proposed dividends - FY2001                                  | -             | -               | (22,650)                             | -                       | -                 | -                     | 22,650             | -              |
| <b>Balance at 31 December 2000</b>                           | <u>10,000</u> | <u>305,537</u>  | <u>502,525</u>                       | <u>-</u>                | <u>-</u>          | <u>-</u>              | <u>22,650</u>      | <u>840,712</u> |

\* Non-distributable reserves are not available for distribution as cash dividends to the shareholders of the Company.

## 10.(c) Consolidated Cash Flow Statement

|   | Half Year Ended |                  |
|---|-----------------|------------------|
|   | 31 Dec 01       | 31 Dec 00        |
|   | S\$'000         | S\$'000          |
| <b>Cash flows from operating activities</b>                   |                 |                  |
| Profit before tax and share of results of joint venture       | 30,970          | 28,711           |
| Adjustments for:  |                 |                  |
| Depreciation  | 10,184          | 9,765            |
| Provision for surplus leased premises                         | 7,000           | -                |
| Net (gain)/loss on revaluation of investments                 | (7,563)         | 15,532           |
| Write-back of provision for diminution of investments         | -               | (11)             |
| Write-off of fixed assets                                     | 672             | -                |
| Interest income   | (3,599)         | (5,351)          |
| Operating cash flow before working capital change             | 37,664          | 48,646           |
| Change in operating assets and liabilities                    |                 |                  |
| Trade and other receivables                                   | 147,561         | 80,674           |
| Trade and other payables                                      | (151,113)       | (72,169)         |
| Cash generated from operations                                | 34,112          | 57,151           |
| Income tax paid   | (11,103)        | (24,415)         |
| Dividends paid  | (32,465)        | -                |
| <b>Net cash from/(used in) operating activities</b>           | <b>(9,456)</b>  | <b>32,736</b>    |
| <b>Cash flows from investing activities</b>                   |                 |                  |
| Payments for properties under development                     | -               | (37,138)         |
| Payments for property, plant and equipment                    | (19,167)        | (5,239)          |
| Purchase of investments                                       | -               | (330,000)        |
| Interest received   | 5,999           | 5,351            |
| Redemption of investments                                     | 3,937           | 6,000            |
| <b>Net cash used in investing activities</b>                  | <b>(9,231)</b>  | <b>(361,026)</b> |
| <b>Cash flows from financing activities</b>                   |                 |                  |
| Proceeds from issue of ordinary shares                        | -               | 7,197            |
| Contributions from minority interests                         | 3,920           | -                |
| <b>Net cash from financing activities</b>                     | <b>3,920</b>    | <b>7,197</b>     |
| <b>Net decrease in cash and cash equivalents held</b>         | <b>(14,767)</b> | <b>(321,093)</b> |
| Cash and cash equivalents at the beginning of the period      | 230,719         | 601,375          |
| Effects of exchange rate changes on cash and cash equivalents | 4               | 11               |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>215,956</b>  | <b>280,293</b>   |

10.(d) Segment Information for the half year ended 31 December 2001

|   | Securities<br>Market | Derivatives<br>Market | Other<br>Operations | The Group |
|---|----------------------|-----------------------|---------------------|-----------|
|   | SS'000               | SS'000                | SS'000              | SS'000    |
| <b>SEGMENT REVENUE</b>                            |                      |                       |                     |           |
| External revenue                                  | 67,821               | 28,837                | 6,109               | 102,767   |
| Inter-segment revenue                             | 502                  | 962                   | 37,887              | 39,351    |
|   | 68,323               | 29,799                | 43,996              | 142,118   |
| Less: Consolidation elimination                   | (502)                | (962)                 | (37,887)            | (39,351)  |
|   | 67,821               | 28,837                | 6,109               | 102,767   |
| <b>RESULTS</b>                                    |                      |                       |                     |           |
| Segment results                                   | 37,726               | 6,250                 | (96)                | 43,880    |
| Unallocated costs                                 |                      |                       |                     | (24,453)  |
| Operating profit before tax                       |                      |                       |                     | 19,427    |
| Interest income and other non-operating<br>income |                      |                       |                     | 11,543    |
| Share of losses of joint venture                  | (31)                 | -                     | -                   | (31)      |
| Income taxes                                      |                      |                       |                     | (10,675)  |
| Minority interests                                |                      |                       |                     | 1,456     |
| Net profit  |                      |                       |                     | 21,720    |
| <b>OTHER INFORMATION</b>                          |                      |                       |                     |           |
| Segment assets                                    | 549,098              | 1,690,001             | 16,292              | 2,255,391 |
| Unallocated assets                                |                      |                       |                     | 335,669   |
| Consolidated total assets                         |                      |                       |                     | 2,591,060 |
| Segment liabilities                               | 179,368              | 1,488,642             | 1,536               | 1,669,546 |
| Unallocated liabilities                           |                      |                       |                     | 48,062    |
| Consolidated total liabilities                    |                      |                       |                     | 1,717,608 |
| Capital expenditure                               |                      |                       |                     |           |
| - Allocated                                       | 3,683                | 749                   | 1,467               | 5,899     |
| - Unallocated                                     |                      |                       |                     | 18,689    |
|   |                      |                       |                     | 24,588    |
| Depreciation                                      |                      |                       |                     |           |
| - Allocated                                       | 3,493                | 2,379                 | 230                 | 6,102     |
| - Unallocated                                     |                      |                       |                     | 4,082     |
|   |                      |                       |                     | 10,184    |

10.(d) **Segment Information for the half year ended 31 December 2000**

|  | <b>Securities<br/>Market</b> | <b>Derivatives<br/>Market</b> | <b>Other<br/>Operations</b> | <b>The Group</b> |
|--|------------------------------|-------------------------------|-----------------------------|------------------|
|  | <b>S\$'000</b>               | <b>S\$'000</b>                | <b>S\$'000</b>              | <b>S\$'000</b>   |
| <b>SEGMENT REVENUE</b>                       |                              |                               |                             |                  |
| External revenue                             | 74,116                       | 27,387                        | 7,164                       | 108,667          |
| Inter-segment revenue                        | 1                            | 633                           | 118,248                     | 118,882          |
|  | 74,117                       | 28,020                        | 125,412                     | 227,549          |
| Less: Consolidation elimination              | (1)                          | (633)                         | (118,248)                   | (118,882)        |
|  | 74,116                       | 27,387                        | 7,164                       | 108,667          |
| <b>RESULTS</b>                               |                              |                               |                             |                  |
| Segment results                              | 42,311                       | 6,717                         | 2,994                       | 52,022           |
| Unallocated costs                            |                              |                               |                             | (13,870)         |
| Operating profit before tax                  |                              |                               |                             | 38,152           |
| Interest income and other non-operating loss |                              |                               |                             | (9,441)          |
| Income taxes                                 |                              |                               |                             | (9,951)          |
| Net profit                                   |                              |                               |                             | 18,760           |
| <b>OTHER INFORMATION</b>                     |                              |                               |                             |                  |
| Segment assets                               | 590,790                      | 1,720,511                     | 7,508                       | 2,318,809        |
| Unallocated assets                           |                              |                               |                             | 375,157          |
| Consolidated total assets                    |                              |                               |                             | 2,693,966        |
| Segment liabilities                          | 264,551                      | 1,517,398                     | 1,876                       | 1,783,825        |
| Unallocated liabilities                      |                              |                               |                             | 36,165           |
| Consolidated total liabilities               |                              |                               |                             | 1,819,990        |
| Capital expenditure                          |                              |                               |                             |                  |
| - Properties under development               | 20,480                       | 16,658                        | -                           | 37,138           |
| - Allocated                                  | 3,384                        | 801                           | 110                         | 4,295            |
| - Unallocated                                |                              |                               |                             | 944              |
|  |                              |                               |                             | 42,377           |
| Depreciation                                 |                              |                               |                             |                  |
| - Allocated                                  | 3,486                        | 2,884                         | 44                          | 6,414            |
| - Unallocated                                |                              |                               |                             | 3,351            |
|  |                              |                               |                             | 9,765            |

The Group operates mainly in Singapore, with one marketing office in the United States of America.

**BY ORDER OF THE BOARD**

Joyce Fong  
Company Secretary  
28 February 2002