

## **SINGAPORE EXCHANGE LIMITED**

**A SUMMARY OF THE PROCEEDINGS AT THE SEVENTH ANNUAL GENERAL MEETING  
("AGM") OF THE SINGAPORE EXCHANGE LIMITED HELD ON 29 SEPTEMBER 2006 AT  
SGX AUDITORIUM, 2<sup>ND</sup> LEVEL, SGX CENTRE 1, 2 SHENTON WAY, SINGAPORE  
068804.**

**1. Resolutions passed**

All resolutions tabled at the AGM were passed.

**2. Directors' Report and Audited Accounts**

**2.1. Commendation**

A shareholder expressed his appreciation to the board of directors, CEO and management on the good performance for FY2006.

Chairman thanked shareholders for their appreciation but cautioned that there were no guarantees that profit growth as in FY2006 would continue every year.

**2.2. Global Initiatives**

A shareholder referred to CEO's message at page 19 of the Annual Report and asked what were the realistic probabilities going forward, for SGX to participate in the on-going global consolidation.

CEO responded that there were no specific plans. SGX had to be open to trends and opportunities, in particular the trend towards global consolidation.

### 2.3. Structured warrants

A shareholder asked if SGX was concerned about the number of warrants being issued by banks and whether SGX had a safety net as warrants were a volatile product.

CEO responded that there are checks in place as the total number of warrants in issue cannot exceed 50% of a listed company's share capital.

### 2.4. Monetization of SGX Centre 1

A shareholder expressed the view that disposing of SGX Centre 1 would reduce SGX's minimum net worth and should be considered carefully. He felt that there was no great compelling reason to dispose of the asset. In addition, he said that in the event that the asset was liquidated, any return of capital to shareholders would be insignificant.

Chairman responded that no final decision had been made to sell the SGX Centre 1 and there was no guarantee that proceeds of a sale, if any, would be returned to shareholders.

CEO thanked the shareholder for his views. Management would take into account all relevant factors in deciding on liquidating SGX Centre 1. The sale of the building would be a measure to improve the quality of SGX's balance sheet, as it was limiting to have close to a third of SGX's net worth tied up in a building.

### 2.5. Performance Share Plan (PSP)

A shareholder asked if the performance shares were issued for two years or whether there would be another issue in 2007.

CEO responded that the performance shares were an annual award. There would be a further award in 2007.

A shareholder asked if ROE was the appropriate measure for the award of shares under the PSP, and whether the ROE target was compared against ROEs of other exchanges.

Mr Ng Kee Choe, Chairman of the Remuneration Committee (RC), responded that as the FY2006 PSP grant was SGX's inaugural grant, the RC had decided to keep performance measures simple, and decided to use ROE as a measure of the company's performance. The target ROE of 25% was derived after taking into account the ROE of other exchanges, and is a stretched target. The performance measures would be continually reviewed and may be added to in the future.

#### 2.6. Increase in trading fees

A shareholder raised concern over the increase in connection and access fees. He said that these fees were invariably passed on to investors by the brokers.

Chairman responded that the fee increase was a commercial decision, and SGX could not determine who bore the final cost of the increase.

#### 2.7. Links with other exchanges

A shareholder asked why the ASX Link was terminated and why the Bursa Link was being held up. He also asked if SGX was looking into links with other exchanges.

CEO responded that ASX had initiated the termination of the SGX-ASX Link as it was not generating sufficient revenue for them. The Bursa Link was taking longer due to some technology issues.

Chairman said that SGX was willing to enter into links with other exchanges but that those exchanges must also be willing.

#### 2.8. Holding of AGMs

A shareholder asked why the time to hold annual general meetings was limited to within four months of the end of the financial year for listed companies, as it was difficult for shareholders to attend meetings. The problem was exacerbated by the fact that there were more and more companies being listed and most hold their AGMs around the same time.

CEO said that the matter would be considered. Extending the deadline from four months to six months after the end of the financial year may not solve the problem as companies may still wait until the last possible time to hold their AGMs, resulting in a last minute jam at the sixth month. Companies could not be forced to spread out their annual general meetings.

### **3. Appointment of Directors**

#### **3.1 Size of board**

A shareholder asked why there was a need for 12 directors.

Chairman responded that the ideal board depends on the needs of the company as it evolved. Due to SGX's many challenges, the diversity of views of the directors were invaluable. Amongst the other top 20 companies listed on SGX, in terms of market capitalization, the number of directors are in double digits.

Besides the requirements of the Code of Corporate Governance, as an exchange regulated by MAS, SGX also has stringent independence requirements under the Securities and Futures Regulations. SGX has 4 board committees which must be staffed by independent directors. In addition to the Audit Committee, the Nominating Committee and the Remuneration Committee, SGX has an additional committee, the Conflicts Committee, which must be staffed entirely by independent directors. Also, the Nominating Committee must consist of at least 5 directors. The scope and size of SGX's activities, and the diversity of stakeholders including public interests, investors, listed companies and regulators, requires a board that is slightly larger sized than most listed companies' boards.

#### **3.3 Non-Executive Directors' fees**

A shareholder asked why non-executive directors' fees had been increased and the basis of the increase.

Chairman responded that a study had been conducted by Hewitt Associates of non-executive directors' fees which showed that the basic fees and committee fees for SGX non-executive directors are low compared to other financial institutions and

listed companies of comparable size. Given the scope and size of SGX's activities, there is a lot expected of and required by the board. Based on the findings of the study, the fees were increased to fairly compensate directors for their work.

The meeting ended at 11.45 a.m.