

STAYING RESILIENT

 Singapore Exchange Annual Report 2020
July 2019 – June 2020





STAYING INTEGRATED

SGX is Asia's most international multi-asset exchange, with established partnerships and networks. We connect the world to Asia – through SGX, global investors can invest and risk-manage all of Asia across multiple asset classes, while companies can tap our international fundraising platforms to expand into Asia.

11 Offices
17 Cities

1 San Francisco

2 Chicago

3 New York

4 London

5 France

6 Switzerland

7 Germany

8 Netherlands

9 United Arab Emirates

10 Mumbai

11 Singapore

12 Hong Kong

13 Taiwan

14 Shanghai

15 Beijing

16 South Korea

17 Tokyo

Legend

 SGX Offices & Members

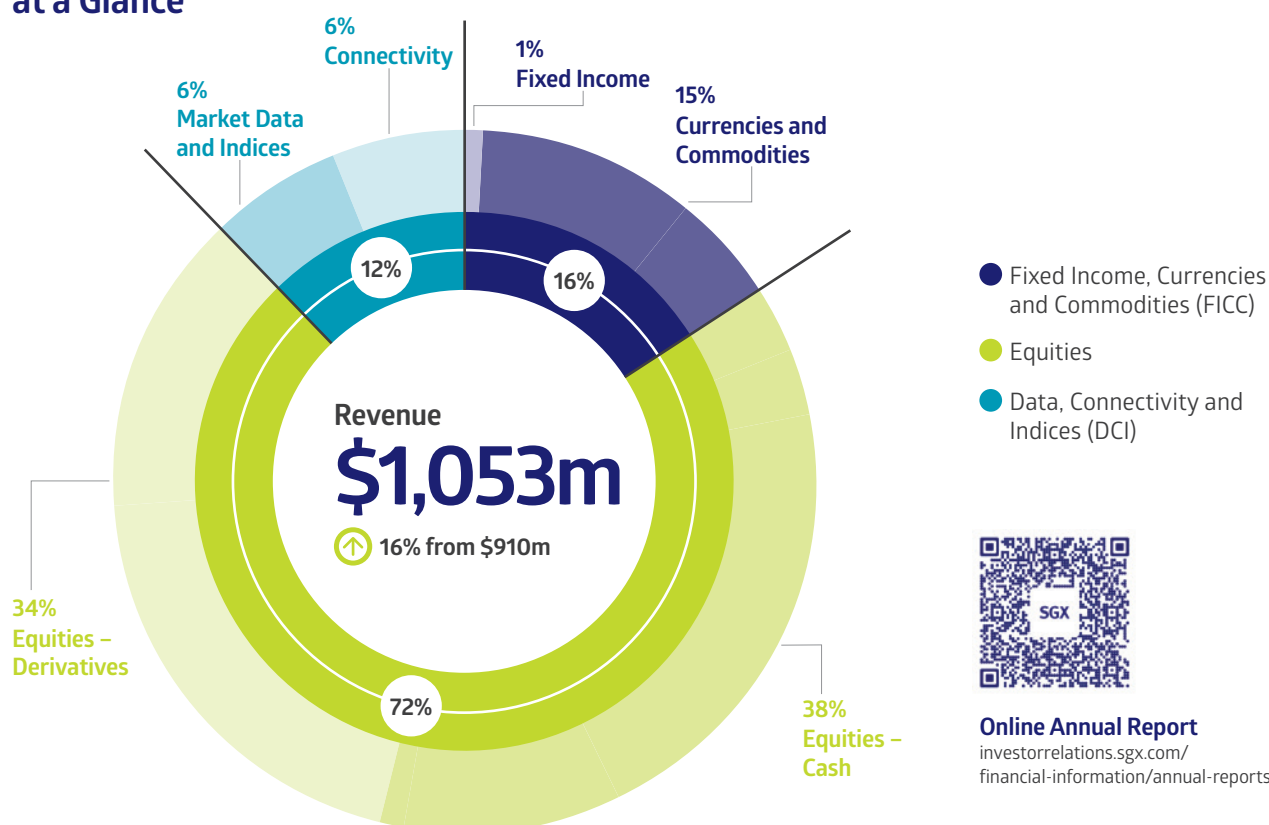
 SGX Offices

 SGX Members

Contents

04

Business at a Glance



Performance Overview

04	Business at a Glance
05	Financial Performance Summary
06	Financial Highlights & Performance Review
08	Corporate Social Responsibility

Group Overview

12	Letter from the Chairman and the CEO
16	Organisation
18	Board of Directors
24	Executive Management Committee

Value Creation & Sustainability

30	How We Create Value
32	Identified Trends
34	Strategic Priorities
36	Risk Management
40	Creating Sustainable Value

Governance

52	Corporate Governance Report
75	▶ Remuneration Report
82	Self-Regulatory Organisation Governance Report
87	Report of Independent Committees

Financials

94	Directors' Statement
111	Independent Auditor's Report
116	Statement of Comprehensive Income
118	Statement of Financial Position
120	Consolidated Statement of Changes in Equity
124	Statement of Changes in Equity
126	Consolidated Statement of Cash Flows
127	Notes to the Financial Statements

Others

218	Statistics of Shareholdings
220	Notice of Annual General Meeting
228	Supplemental Information
IBC	Corporate Information



Performance Overview



Business at a Glance

Operating Profit

\$566m

↑ 23% from \$461m

Net Profit

\$472m

↑ 21% from \$391m

Earnings per Share

44.1¢

↑ 21% from 36.5¢

Dividend per Share

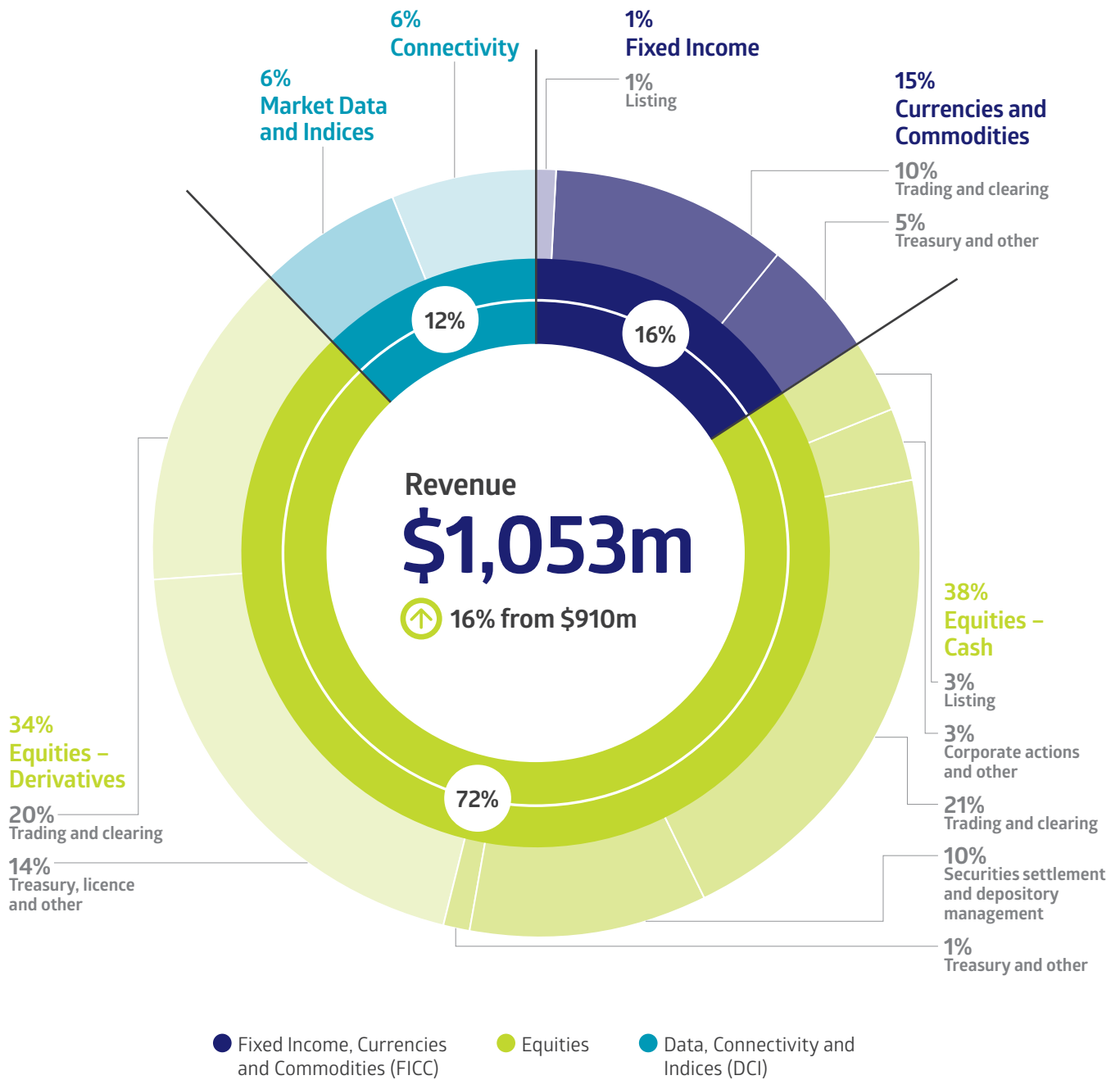
30.5¢

↑ 2% from 30.0¢

Return on Equity

40%

↑ 4% pts from 36%



Financial Performance Summary

(\$million)	FY2016	FY2017	FY2018	FY2019	FY2020
Statement of Income					
Operating Revenue	818	801	845	910	1,053
Operating Expenses	349	341	359	386	397
Earnings before interest, tax, depreciation and amortisation	469	460	486	524	656
Depreciation and amortisation	60	58	61	63	90
Operating profit	409	402	425	461	566
Profit before tax and share of results of associated companies and joint venture	416	409	436	474	573
Net profit attributable to equity holders	349	340	363	391	472
Statement of Cash Flows					
Cash flows from operating activities	423	378	427	417	624
Statement of Financial Position					
Total assets	2,105	2,041	2,115	2,132	2,679
– Unrestricted cash and cash equivalents	598	520	550	446	686
– Committed for derivatives clearing fund	200	200	200	150	150
– Committed for securities clearing fund	60	60	60	60	60
– Committed for National Electricity Market of Singapore	8	16	22	11	9
Total liabilities	1,115	1,009	1,019	1,041	1,430
Total equity	990	1,032	1,096	1,091	1,249
– Includes proposed final dividend of	139	139	161	80	86
Capital expenditure	75	67	65	58	41
No. of shares issued (million)	1,072	1,072	1,072	1,072	1,072
No. of shares held as treasury shares (million)	2	2	2	2	3
Financial Indicators					
Revenue growth (%)	5.1	(2.1)	5.5	7.7	15.7
Operating profit margin (%)	50.0	50.2	50.3	50.7	53.7
Cost-to-income ratio (%)	50.0	49.8	49.7	49.3	46.3
Gearing ratio	NIL	NIL	NIL	NIL	0.2
Operating cash flow per share (cents)	39.6	35.3	39.9	39.0	58.3
Net asset value per ordinary share as at 30 June (dollars)	0.93	0.96	1.02	1.02	1.16
Based on net profit attributable to equity holders					
Net profit margin (%)	42.1	41.9	42.4	42.4	44.8
Return on equity (%)	35.5	33.6	34.1	35.8	40.4
Dividend payout ratio (%)	85.9	88.2	88.4	82.1	69.2
Basic earnings per share (cents)	32.6	31.7	33.9	36.5	44.1

Financial Highlights & Performance Review

SGX recorded EBITDA of \$655.7 million (\$523.5 million) and a net profit of \$472.0 million (\$391.1 million) in FY2020. Earnings per share was 44.1 cents (36.5 cents). The Board proposed a final dividend of 8.0 cents per share for approval at the forthcoming annual general meeting. Barring unforeseen circumstances, the annualised quarterly dividend will be 32 cents per share, an increase of 7%. The higher quarterly dividend is in line with our policy to pay a sustainable and growing dividend over time, consistent with our long-term growth prospects.

Fixed Income, Currencies and Commodities (FICC)



Fixed Income

Revenue increased \$0.2 million or 2% to \$12.8m (\$12.6 million).

FICC revenue increased \$32.4 million or 23% to \$171.4 million (\$139.0 million), accounting for 16% (15%) of total revenue.



Currencies and Commodities – Derivatives

Revenue increased \$32.2 million or 25% to \$158.7 million (\$126.4 million), accounting for 15% (14%) of total revenue.

Total Revenue Contribution

Contribution to total revenue



\$12.8m

1%

↑ 2% from \$12.6m

Contribution to total revenue



\$158.7m

15%

↑ 25% from \$126.4m

Sub-Segment



● Listing	74%
● Corporate actions and other	26%



● Trading and clearing	68%
● Treasury and other	32%

Performance Highlights

Type of Revenue	\$m	% change
Listing	9.4	+2%
Corporate actions and other	3.4	comparable

Type of Revenue	\$m	% change
Trading and clearing	107.9	+27%
Treasury and other	50.7	+22%

There were 1,032 bond listings raising \$452.1 billion, compared to 1,066 bond listings raising \$451.8 billion a year earlier.

Trading and clearing revenue grew as commodities futures volumes increased 22% to 24.3 million contracts (19.9 million contracts). This was driven primarily by increased volumes in the iron ore derivatives contracts. Currency futures volume also increased 27% to 26.4 million contracts (20.8 million contracts).

Treasury and other revenue increased mainly from higher treasury income. Treasury income increased primarily due to higher margin balances.

All comparatives and figures in brackets are for the year earlier, unless otherwise stated.

- 1 Cash Equities include ordinary shares, real-estate investment trusts and business trusts
- 2 Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and American depository receipts

Equities

Equities revenue increased \$91.4 million or 14% to \$759.7 million (\$668.3 million), and accounted for 72% (73%) of total revenue.



Equities – Cash

Revenue increased \$64.3 million or 19% to \$399.3 million (\$335.0 million), accounting for 38% (37%) of total revenue.



Equities – Derivatives

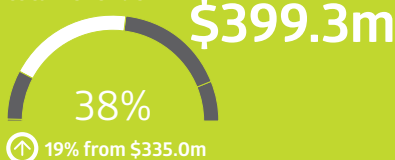
Revenue increased \$27.1 million or 8% to \$360.4 million (\$333.3 million), accounting for 34% (37%) of total revenue.



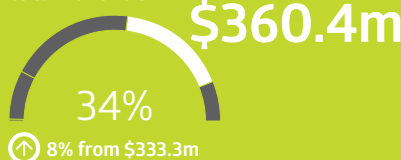
DCI

Revenue increased \$19.1 million or 19% to \$121.6 million (\$102.5 million), accounting for 12% (11%) of total revenue

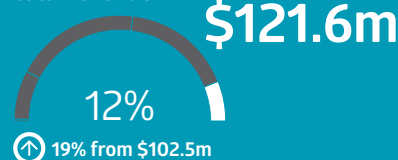
Contribution to total revenue



Contribution to total revenue



Contribution to total revenue



● Listing	9%
● Corporate actions and other	7%
● Trading and clearing	56%
● Securities settlement and depository management	25%
● Treasury and other	2%



● Trading and clearing	59%
● Treasury, licence and other	41%



● Market data and indices	49%
● Connectivity	51%

Type of Revenue	\$m	% change
Listing	35.3	-4%
Corporate actions and other	29.1	-6%
Trading and clearing	224.4	+30%
Securities settlement and depository management	100.8	+18%
Treasury and other	9.8	+9%

Type of Revenue	\$m	% change
Trading and clearing	212.0	+2%
Treasury, licence and other	148.4	+18%

Type of Revenue	\$m	% change
Market data and indices	59.4	+38%
Connectivity	62.2	+5%

There were 10 new equity listings which raised \$2.3 billion, compared to 20 new equity listings raising \$1.7 billion a year earlier. Secondary equity funds raised were \$16.5 billion (\$4.7 billion).

Daily average traded value (DAV) increased 26% to \$1.32 billion (\$1.04 billion). Total traded value increased by 28% to \$332.1 billion (\$259.5 billion). This was made up of Cash Equities¹, where total traded value increased by 32% to \$319.6 billion (\$241.4 billion), and Other Products², where traded value decreased 30% to \$12.6 billion (\$18.1 billion). There were 252 (250) trading days in the year.

Average clearing fees for Cash Equities¹ declined to 2.75 basis points (2.82 basis points) due to higher participation from market makers². Average clearing fee for Other Products increased to 0.98 basis points (0.59 basis points) due to increased activity from higher yielding Exchange Traded Funds. The overall turnover velocity for the year was 45% (36%).

Securities settlement and depository management revenue increased mainly due to higher subsequent settlement activities.

Clearing revenue increased mainly due to higher volumes in our MSCI Singapore, Nikkei 225, Nifty 50, and MSCI Taiwan index futures contracts. This was partially offset by lower volumes in our FTSE China A50 futures contract.

Treasury and other revenue increased mainly from higher treasury income. Treasury income increased mainly due to higher margin balances.

Average fee per contract for Equity, Currency and Commodity derivatives was higher at \$1.18 (\$1.09) mainly due to an increase in proportion of volume from higher-fee paying customers.

Market data and indices revenue increased 38% mainly due to the consolidation of revenues from Scientific Beta Pte. Ltd. ("Scientific Beta"), which was acquired in January 2020, excluding which, Market data and indices revenue would increase by \$2.0 million.

Connectivity revenue increased 5% mainly due to the continued growth of our colocation services business, and an increase in derivatives connectivity subscriptions.

Corporate Social Responsibility

A key part of SGX's corporate social responsibility efforts involves corporate philanthropy. It is our way of contributing to the community, whether it is about strengthening financial literacy or empowering investors, or working alongside corporate sponsors to raise funds for those in need.

While the outbreak of COVID-19 caught the world by surprise early in 2020, we rolled out a \$5 million SGX Care Package in March to provide support and relief measures, bolstering efforts to reinforce Singapore's resilience as a global marketplace. Part of the funds are being used to support Singapore-listed companies, including a grant for qualifying issuers to help them facilitate virtual AGMs by harnessing technology and defraying their costs.

A total of \$1.5 million was also donated to support national healthcare and community programmes – providing frontline healthcare workers with hot meals, assisting seniors affected by COVID-19 and covering SGX Bull Charge beneficiaries for expenses such as the purchase of thermal scanners and disinfectants. Facilitated by the Community Chest, the funds support the following:



Rollled out a \$5m

SGX Care package in March to provide support and relief measures



Donated \$1.5m

to support national healthcare and community programmes

The Courage Fund



Caring For Our Employees

Our employees are our most valuable asset and their health and well-being are our priority. Over the last few months, two personal care packages, each comprising a bottle of hand sanitiser and two boxes of surgical masks, were delivered to every SGX employee across the different cities that we operate in, as part of our continual efforts to keep all our staff safe during the pandemic.



Supporting Our Overseas Partners

In addition, the well-being of our overseas partners and stakeholders are of utmost importance to us. While supplies of personal items were scarce, SGX made a determined effort to donate hand sanitisers to the Shanghai Financial Regulatory Bureau and Lujiazui Financial City Authority for distribution to the offices they manage in the Lujiazui financial district. We are privileged to have the opportunity to show our commitment and care for the communities we operate in.



SGX Shanghai Team delivered hand sanitisers that were sent from Singapore to the Shanghai Financial Regulatory Bureau and Lujiazui Financial City Authority.



Minister of Education Mr Ong Ye Kung was Guest-of-Honour at the SGX Charity Run on 8 November 2019 at The Float @ Marina Bay. More than \$3.4 million was raised through the generous donations from our corporate sponsors. All proceeds were channelled to our adopted beneficiaries.

Fundraising

Launched in 2004, SGX Bull Charge is the only corporate charity initiative that rallies Singapore's financial community and listed companies to support the needs of underprivileged children and families, persons with disabilities, as well as the elderly.

SGX Bull Charge enjoyed a bumper year in 2019, successfully raising more than \$3.4 million through our annual fundraising events – Charity Golf, Charity Futsal and Charity Run. SGX's business, data and technology partners also pledged their financial support at a Market Access Night in August as well as a Technology Symposium in September. Partnering Community Chest, all proceeds were channelled to our adopted beneficiaries for the year: AWWA Ltd, Autism Association (Singapore), Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.



Raised more than

\$3.4m

through our annual fundraising events in 2019



Charity Golf 2019 event tee off to a resounding start on 17 May, bringing together some 140 golfers, raising a total of \$770,000 for our beneficiaries.



Charity Run participants being cheered on as they ran past some of Singapore's most iconic sights at Marina Bay.



Our Charity Futsal tournament was held on 14 September 2019 at the Kovan Sports Centre. For the first time, a kids match was organised between our beneficiaries and the children of SGX staff to instil the spirit of giving from a young age.

Over the years, SGX Bull Charge has worked with many corporate sponsors to raise over \$39 million for more than 50 charities. For 2020, the 17th edition of our Charity Run will transform into a two-week virtual event to prioritise

the well-being of local and international participants as they go the extra mile for a good cause. SGX will match contributions dollar for dollar up to \$1 million and donate a further \$5 for every kilometre completed, up to 100,000 km.



Raised more than

\$39m

for over 50 charities through SGX Bull Charge over the years

Corporate Social Responsibility



Our staff volunteers participating in SGX Cares annual Season of Giving activity, where they helped pack and distribute goodie bags to our beneficiaries.



Kids from our beneficiaries visiting the Singapore Youth Flying Club.

Outreach

In FY2020, close to 200 SGX staff volunteers were out in force to bring cheer and joy to our beneficiaries. Through the year, our staff volunteers organised various activities and reached out to over 1,000 beneficiaries, spending some 1,000 hours engaging them.

For the seniors, apart from cooking meals for our beneficiaries, SGX staff volunteers also painted and cleaned two AWWA transitional home shelters, packed and distributed 1,000 goodie bags for Fei Yue's Senior Activity Centres, and organised excursions to Bollywood Veggies for them to learn more about farming and conservation.

For the children, SGX Cares partnered with the Singapore Youth Flying Club and Temasek Polytechnic aviation students to bring the thrills of aviation to kids from Fei Yue Community Services and HCSA Community Services. Our staff volunteers also brought families and 30 children and teenagers from AWWA and HCSA Community Services out for a day of sunshine, fun and laughter at East Coast Park.

However, the ongoing COVID-19 pandemic also saw a number of activities cancelled during the second half of the financial year due to the various safety measures.

Nevertheless, we are grateful for the opportunity to make a difference to our beneficiaries in 2019 and look forward to doing more!



Packed and distributed
1,000

goodie bags for Fei Yue's Senior Activity Centres



Group Overview



Letter from the Chairman and the CEO

“

In the face of extraordinary volatility and activity levels, SGX's platform and infrastructure performed seamlessly, without any disruptions or restrictions on market participants.

”

Revenue

\$1,053m

↑ 16% from \$910m

Operating Profit

\$566m

↑ 23% from \$461m



Mr Kwa Chong Seng
Chairman



Mr Loh Boon Chye
Chief Executive Officer

Dear Shareholders

A Year Like No Other

FY2020 was a roller-coaster year characterised by geopolitical tensions and volatile markets. Global financial markets plunged as many countries went into lockdown due to COVID-19, and subsequently recovered with technology stocks at new highs as the Federal Reserve and other central banks pumped liquidity into their financial systems.

The year was marred by COVID-19 in an unprecedented crisis that has claimed human lives, economies and businesses around the world. SGX, like every organisation, had to manage the challenges and adapt to the new normal, amid turmoil in the global markets.

We embarked on a multi-asset strategy over four years ago, to build a diversified exchange that was reflective of the changing needs of our growing client base and resilient to different market environments. Aided by our reputation as a flight-to-quality marketplace in times of market stress, we delivered our highest revenue since listing.

Maintaining Resilience in Extreme Stress

In the face of extraordinary volatility and activity levels, SGX's platform and infrastructure performed seamlessly, without any disruptions or restrictions on market participants. It was achieved through the rigour in our business continuity practices to ensure financial and operational resilience despite extreme stress in the ecosystem.

Even with 90% of our employees working from home, we successfully maintained robust trading, risk management and clearing capabilities, and ensured that our marketplace was available and accessible at all times for market participants to manage their risks and investments.

This was possible because SGX had been proactively managing the situation since January, taking a holistic approach to maintain a safe working environment and strengthen our operational and financial resilience.

While our regular pandemic drills in peacetime had helped, what was more important was our ability to flex and respond to the crisis. We were able to operate the markets in split sites as we already had access to the systems, infrastructure and information through collaborative digital tools. Before Singapore's "circuit breaker" measures, we were pre-emptively testing scenarios and conducting different exercises to validate our business continuity arrangements.

When news of the virus first emerged in late 2019, SGX took immediate steps to reinforce existing pandemic risk models with additional stress scenarios. Through the periods of heightened market volatility, SGX proactively supported the financial resilience of its counterparties, including taking a progressive approach towards calibrating its clearing house margins.

We worked with the wider capital markets industry to understand the practical difficulties faced by SGX-listed companies. SGX RegCo, together with statutory agencies, announced a number of measures and guidance, including enabling the acceleration of fundraising efforts by issuers.

Record Financial Performance

In FY2020, we achieved a strong performance with double-digit top line growth across all business units, leading to our revenue crossing the \$1 billion mark – our highest since listing. Our net profit of \$472.0 million was also the highest since FY2008.

We achieved this by expanding our product range and broadening our platform capabilities, while increasing global participation in our products and services across asset classes. We also invested strategically in growing our new business pillars.

As volatility in global markets heightened in the second half of FY2020 due to COVID-19, our clients intensified their risk management and investment activities on our platform. Our extension of trading hours in November 2019 to cover the New York cash market closing hours proved

to be timely. At 22.5 hours, SGX has the longest derivatives trading hours in Asia. This is important during the pandemic, with news flowing across multiple time zones.

At the peak of market volatility in March, almost a quarter of futures contracts traded on SGX changed hands during the overnight T+1 session, underscoring demand for continuous price formation and round-the-clock risk management.

Even as we worked to keep our markets open, we were busy accelerating our growth plans. SGX's goal is to serve global investors with a single point of access into Asia, providing them with comprehensive, highly liquid and efficient investment and risk management tools covering all major asset classes. Our new organisation structure, set up at the start of FY2020, has positioned us well to build scale. We are pleased to have made substantial progress.

Driving Synergies on an Enlarged Equities Platform

In FY2020, we registered higher volumes in SGX's MSCI Singapore, Nikkei 225, Nifty 50 and MSCI Taiwan index futures. SGX's product shelf is highly relevant for risk management, as equity derivatives trading volumes during our overnight T+1 session increased by over 25% year-on-year (y-o-y).

Our cash equities business recorded a 28% y-o-y increase in total traded value to reach \$332.1 billion. With new Central Depository (CDP) accounts increasing by more than 35% from a year ago, there was higher trading activity from all customer segments.

Our ETF market has grown considerably, as total market turnover value increased 70% y-o-y to reach \$4.1 billion. The strong growth reflects the growing adoption of ETFs as investors seek low-cost and more efficient passive investments. In the coming year, we anticipate a healthy pipeline of new ETF listings covering equities and fixed income to provide investors with more portfolio diversification options.

Amid higher market volatility, daily leverage certificates (DLCs) were actively used as a tool to hedge portfolios and capture short-term market trends. Total DLC turnover reached \$2.4 billion, up 62% y-o-y. We have more than doubled our DLC shelf to over 120 DLCs covering key Asian indices and single stock names.

Throughout the year, we enhanced the ecosystem to make it easier to trade on SGX. This included improving our securities borrowing and lending programme to give borrowers access to a wider range of securities, including small to mid-cap stocks, with real-time lending pool availability. Besides digitising essential CDP services, we rolled out a new Investor Portal for investors to access stock updates and online CDP services. With support from the Grant for Equity Market Singapore (GEMS) scheme, we worked closely with the research community to bring research coverage to more companies.

When we restructured our business lines last year, we focused on Equities as a single asset class so as to address customer needs comprehensively in cash equities and equity derivatives. The launch of Single Stock Futures on SGX-listed blue chip stocks in June 2020 was our first step in offering market participants a new shelf of risk management instruments that could leverage the correlation between the prices of futures and underlying stocks.

We are reinventing our derivatives suite of products to evolve with changes in client demand. Our track record in derivatives positions us well to refresh and grow our suite of pan-Asian access products in a new direction.

Since the announcement of the upcoming expiry of non-Singapore MSCI product licences in February 2021, we have rolled out the first wave of our new and expanded product shelf.

On 20 July, we launched our new SGX FTSE Taiwan Index Futures and within the first two weeks of trading, we achieved a turnover of US\$3.7 billion, which was by far, one of our most successful product launches.

Letter from the Chairman and the CEO

Having pioneered Asian derivatives incorporating dividend returns as well as price returns, we announced the launch of a series of Asia Ex-Japan and Emerging Markets Asia regional and single country futures, based on Net Total Return and Price Return indices calculated by FTSE Russell. This entrenches SGX's position as the leading exchange with derivatives that cover almost 100% of Asia's GDP.

Our equity derivatives business is anchored on our access to Asia's biggest economies – China, Japan and India – comprising our flagship FTSE China A50, Nikkei 225 and Nifty 50 equity index derivatives. Our Singapore franchise lies in the heart of this offering. There are deep roots built around our liquidity pools, which will continue to grow in depth and complexity.

To create a larger pool of liquidity comprising international and home market participants, SGX and the National Stock Exchange of India (NSE) are working closely together to operationalise the proposed NSE IFSC-SGX Connect. SGX and NSE remain strongly committed to working with key stakeholders, including the relevant authorities, to incorporate international best practices to the Connect and to make it successful.

Building our FICC Pillar

Our newly formed business unit – Fixed Income, Currencies and Commodities (FICC) – is on a positive growth trajectory. We are cementing our position as Asia's largest and fastest-growing FX exchange, with double-digit compounded growth in volume over the last three years.

In FY2020, FX volumes rose 27% y-o-y with notional value traded of US\$1.46 trillion. Aggregate FX futures volume reached its highest level ever in March at US\$171.5 billion. We also saw several record single-day volumes for our USD/CNH and INR/USD futures contracts. Overnight T+1 volume increased 53%, reflecting the international nature of our FX market.

Global regulatory changes has led to greater centralised clearing of OTC derivatives and market participants

seeking capital efficiencies. In this regard, our innovative SGX FlexC futures contracts have been gaining traction with cumulative traded volume since launch reaching US\$314 million as at end of June.

More significantly, we announced in June our acquisition of the remaining 80% stake in BidFX, a leading cloud-based FX trading platform for institutional investors. The full acquisition of BidFX allows us to expand into a much larger global OTC FX market, and advance SGX's global ambition to offer end-to-end FX platform and solutions.

Since the start of this year, BidFX's global clients have been able to trade across both OTC and futures FX markets in a single venue and with an integrated workflow management system. In time to come, the combined clientele of SGX and BidFX can enjoy better FX price transparency, liquidity and workflow.

In commodities, SGX is the undisputed hub for the "virtual steel mill", offering more than 30 futures and options contracts across the ferrous, dry bulk freight, coking coal and bunker fuel value chains. SGX's market-leading iron ore contract is the global seaborne reference, in addition to our benchmark positions in rubber and freight pricing.

Against the backdrop of the pandemic and supply chain disruptions, we saw greater adoption of our products for price risk management and achieved new monthly volume and open interest records in FY2020 across a number of products.

The strong performance in iron ore is attributable to the ongoing financialisation of the product as Asia's first truly global commodity, with financial market investors and traders increasingly turning to iron ore for macro exposure to Asia's economic activity. Activity from these participants added liquidity as volume from this segment grew by over 35% y-o-y.

SGX has introduced environmentally friendlier products to meet our clients' ESG needs. Trading of SGX's high-grade 65% Fe iron ore contracts recently reached record levels at 37.0 million

metric tonnes in FY2020. Ahead of the IMO2020 implementation of the fuel oil sulphur limit in January, SGX launched Low Sulphur Fuel Oil derivative contracts in November last year, offering the shipping and bunker industry futures contracts to hedge price risks. Methanol derivatives were also launched in early February to meet demands of our petrochemical clients.

Propelling our Data, Connectivity and Indices (DCI) Business

Revenue from our DCI business is now well above the \$100 million mark. Our colocation services continue to see steady growth as derivatives connectivity subscriptions increase.

Meanwhile, our custom index business experienced strong growth in calculation services as well as licensing of proprietary indices across Asia and Europe, with ETFs based on SGX's iEdge indices listed in Singapore, Hong Kong and South Korea.

Our success gives us confidence that we can build and grow an entirely new business line in indices to meet bespoke needs of our customers. Our recent push into thematic indices shows that our customers have an appetite to go beyond conventional indices for benchmarking and tracking purposes.

In January, we acquired 93% of Scientific Beta – an independent index provider specialising in smart beta strategies, with expertise in factor-based and risk-managed solutions – marking an important step in the evolution of our index business. Scientific Beta brings a highly regarded research pedigree in the rapidly growing smart beta space, along with a strong suite of high profile clients in the US and Europe.

The acquisition of Scientific Beta has bolstered our growing index business, contributing \$14.4 million in revenue in FY2020. We look forward to realise the full benefits of Scientific Beta's strong thought-leadership in the development of Smart Beta 2.0 indices and ESG solutions, as well as further collaboration with other SGX businesses to develop new solutions for our customers.

Putting Customers First, Always

Our Global Sales and Origination (GSO) unit, which is an integrated client-facing group across 10 cities, has been actively engaging our clients, especially during the pandemic period.

Our new organisation structure has enabled a streamlined client-engagement model that allows us to offer the full spectrum of SGX products and services across asset classes. This has led to increased distribution of holistic services across our client segments.

Our Europe and US customers make up 20% of our derivatives client base, accounting for 44% and 38% of our overnight T+1 volumes in equity derivatives and FX respectively. Approximately 18% of our disclosed customer base were also newly acquired or existing customers who traded other new SGX products for the first time.

Similarly, our capital market teams worked closely with existing and prospective listed companies on their capital raising requirements. In FY2020, total primary and secondary fundraising amounted to a record \$18.8 billion, contributing to more robust market liquidity and securities daily average value. This amount was almost three times higher than last year.

SGX was also the largest REIT IPO platform globally, welcoming four international REIT IPOs – Prime US REIT, Lendlease Global Commercial REIT, Elite Commercial REIT (UK-focused) and United Hampshire US REIT.

Listed companies need to be able to continually raise capital, which is especially important in the current environment. Over the last five years, SGX-listed companies raised four times more funds through the secondary market than at IPO, demonstrating the effectiveness of our fundraising platform.

While bond listing activities slowed down in the second half of FY2020, we remained Asia's most international listing venue for bonds, attracting issuers from Asia Pacific to Latin America. SGX is also one of the top five listing venues

globally for sustainability bonds, where we saw continued interest in the listing of sustainability bonds led by issuers from South Korea, China and India.

Prioritising Digital Transformation

Over the past few months, we have fully embraced digital collaboration tools to support a digital way of working. We are also developing our digital curriculum to train our employees for the new digital world.

To serve customers better, we are investing in building better digital experiences for stakeholders across online platforms, including the RegCo Submission portal for listed companies, the in-house developed Titan OTC Pro platform for commodity clients, and the newly released Investor Portal for retail investors.

We are leveraging data and technology to improve efficiency internally and for our customers. We are constantly finding ways to use Artificial Intelligence (AI) and Machine Learning technologies across our firm. SGX RegCo now uses an AI-powered, real time surveillance system.

Together with partners, we are exploring the development of new platforms. One such collaboration is with HSBC Singapore and Temasek on the use of distributed ledger technology (DLT) for the issuance and servicing of fixed income securities, the first such end-to-end digitalisation initiative focusing on the Asia bond markets.

Confidence in Our Future

Our Board of Directors has proposed a final quarterly dividend of 8.0 cents per share, bringing the total dividend for the year to 30.5 cents per share. Barring unforeseen circumstances, the annualised quarterly dividend going forward will be 32 cents per share, an increase of 7%. The higher quarterly dividend is in line with our policy to pay a sustainable and growing dividend over time, consistent with our long-term growth prospects.

We look to our future with confidence, not because it is going to be an easy one, but that we are prepared for what lies ahead.

We believe we are now in an even stronger position to meet the needs of our clients in the current low interest rate and uncertain environment. More than ever, we see clients turning to SGX to manage idiosyncratic Asian risks.

Our multi-asset portfolio shelf is of critical mass and we are building stronger pillars of new products to meet investors' needs for breadth and depth. Over the next few months, we will help our clients extract more benefits from our multi-asset approach, as they seek diverse solutions that provide higher returns, yield, cost efficiencies as well as an ESG focus.

Steering Towards Long-Term Sustainable Growth

Our Board of Directors brings a diverse and valuable set of experiences, skills and perspectives to SGX. We are grateful to our directors for their counsel, contributions and commitment to the highest standards of corporate governance.

Mr Thaddeus Beczak will be retiring at the coming AGM, after serving nine years on the Board. We have benefitted from his insights and contributions. He will be leaving us with our deepest appreciation.

We are gratified that SGX was included in the 2020 Bloomberg Gender-Equality Index for our efforts to embrace diversity and opportunities. 27% of SGX's Board are represented by female directors, the highest in the financial sector among the top 100 Singapore-listed companies. We will continue to strive for diversity, which we believe will drive innovation and lead to better long-term performance.

SGX's achievements are the best proof for the exceptional quality of our people and tremendous support from our customers, members, partners and shareholders. On behalf of the Board, thank you for being at our side.

Kwa Chong Seng

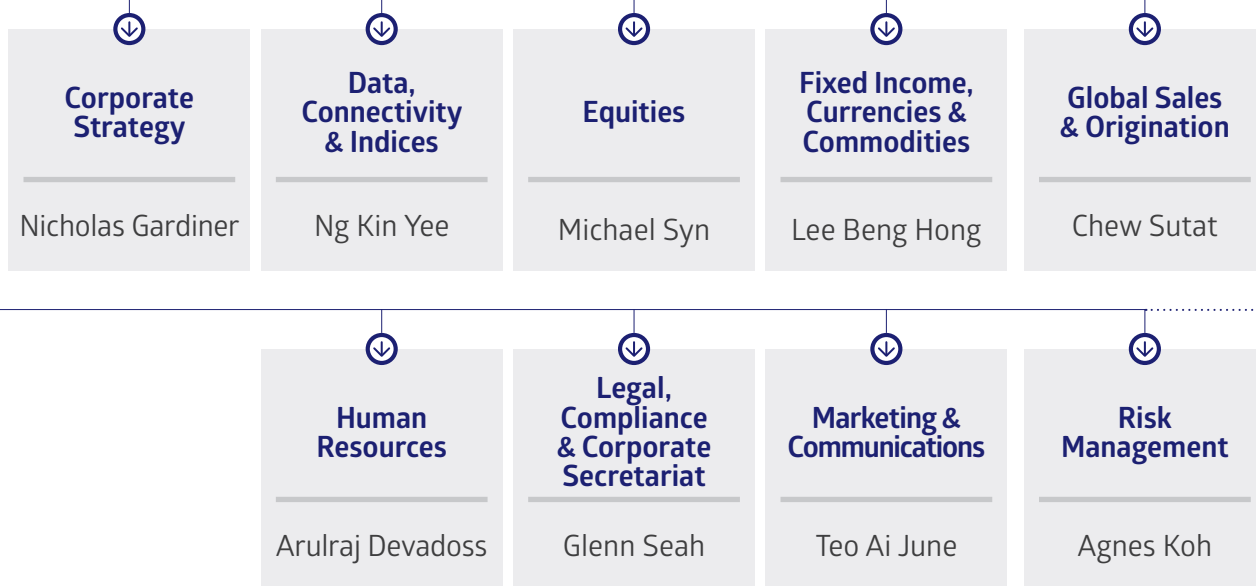
Chairman

Loh Boon Chye

Chief Executive Officer

Organisation

CEO
Loh Boon Chye



Number of Employees¹

 **846**

¹ Permanent headcount including EMC and Baltic Exchange but excluding employees on no pay leave.

Average Length of Service

 **8 years**

Employees Retention

 **89%**

Average Training Hours per Employee

 **47 hours**

Chairman
SGX RegCo Board
Prof. Tan
Cheng Han

Performance Overview



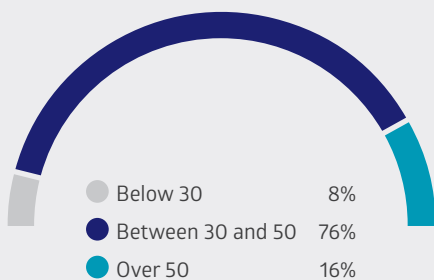
Group Overview

Value Creation & Sustainability

Gender Diversity

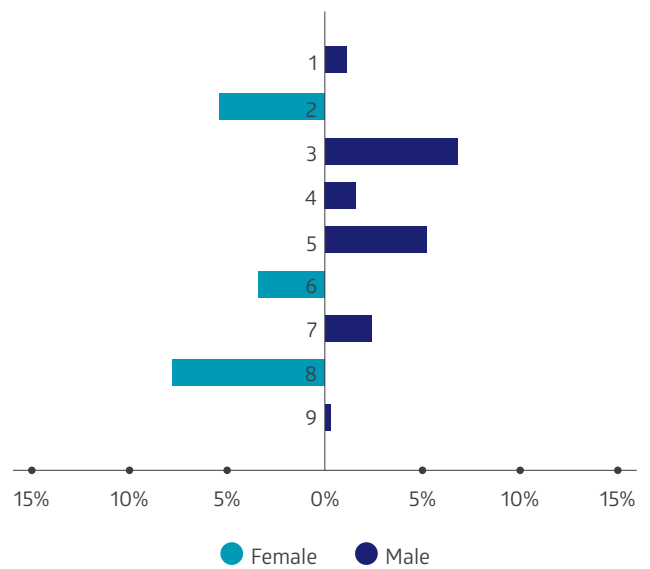


Age Diversity



Gender Pay Gap

(across employment categories)



Note: 1 to 9 are job grades (where 1 is most senior): a band on the right indicates males are paid higher, while a band on the left indicates females are paid higher.

Governance

Financials

Others

Board of Directors



Mr Kwa Chong Seng

Chairman
Non-Executive and
Independent Director

Date of first appointment as a director
20 September 2012

Date of appointment as Chairman
22 September 2016

Date of last re-election as a director
21 September 2017

Date of next re-election as a director
24 September 2020

Length of service as a director (as at 30 June 2020)
7 years 9 months

SGX Board Committee Membership
NGC (Chairman) **RSDC** (Chairman)

Academic & Professional Qualification
▪ Bachelor of Engineering (Mechanical), National University of Singapore

Present Directorship other than SGX (as at 30 June 2020)
Listed company
▪ Singapore Technologies Engineering Ltd (Chairman)

Others (non-listed company)
▪ Seatown Holdings Pte Ltd

Major Appointment (other than Directorship)
▪ Defence Science and Technology Agency
▪ Public Service Commission (Deputy Chairman)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)
Nil



Mr Loh Boon Chye

Chief Executive Officer
Executive and
Non-Independent Director

Date of first appointment as a director
20 July 2015

Date of last re-election as a director
20 September 2018

Length of service as a director (as at 30 June 2020)
4 years 11 months

SGX Board Committee Membership
Nil

Academic & Professional Qualification
▪ Bachelor of Engineering (Mechanical), National University of Singapore

Present Directorship other than SGX (as at 30 June 2020)
Listed company
Nil

Others (non-listed company)

- BC Capital Ltd
- BC Capital Properties, LLC
- BC Capital Properties Holdings LLC
- BidFX Systems Limited (in UK)
- GIC Private Limited
- Gym & Sports Pte. Ltd. (Chairman)
- SBF Holdings Pte. Ltd.
- SGX Bond Trading Pte. Ltd.
- Singapore Exchange Derivatives Clearing Limited
- Singapore Exchange Derivatives Trading Limited
- Singapore Exchange Securities Trading Limited
- The Central Depository (Pte) Limited

Major Appointment (other than Directorship)

- Commodities Intelligence Centre Pte. Ltd. (Senior Advisor)
- Council of Board Diversity (Co-Chairman)
- Economic Development Board (Board Member)
- Economic Development Board Finance Committee (Chairman)
- MAS Financial Centre Advisory Panel (Member)
- Sim Kee Boon Institute for Financial Economics Advisory Board at Singapore Management University (Chairman)
- Singapore Business Federation Council (Member & Honorary Secretary)
- Singapore Business Federation Appointments and Remuneration Committee (Member)
- Singapore Business Federation Nominations Committee (Member)
- The Institute of Banking and Finance (Council Member)
- World Federation of Exchanges (Board Member)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)
Nil

Committee Membership Key

AC Audit **NGC** Nominating & Governance **RSDC** Remuneration & Staff Development **RMC** Risk Management



Mr Thaddeus Beczak

Non-Executive and
Non-Independent Director

Date of first appointment as a director

7 October 2010

Date of last re-election as a director

21 September 2017

Length of service as a director (as at 30 June 2020)

9 years 9 months

SGX Board Committee Membership

RMC (Member)

Academic & Professional Qualification

- Bachelor of Science (Foreign Service International Affairs), Georgetown University
- Master of Business Administration, Columbia University

Present Directorship other than SGX (as at 30 June 2020)

Listed company

- Pacific Online Limited
- Phoenix Media Investment Holdings Limited

Others (non-listed company)

- Arnhold (B.V.I.) Limited
- Chumleigh Limited¹
- Derbyshire Limited¹
- Old Peak Investments Limited¹
- White Tiger Group Limited¹

Major Appointment (other than Directorship)

- The Association of Hong Kong Forum Limited (Chairman)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- MUFG Securities Asia (Singapore) Limited
- MUFG Securities Asia Limited

¹ Personal family related investment holding companies held by Mr Beczak's wife.



Dr Beh Swan Gin

Non-Executive and
Independent Director

Date of first appointment as a director

1 February 2020

Date of next re-election as a director

24 September 2020

Length of service as a director (as at 30 June 2020)

5 months

SGX Board Committee Membership

RMC (Member)

Academic & Professional Qualification

- Advanced Management Programme, Business Administration and Management, Harvard Business School
- Sloan Fellow, Master of Science Management, Stanford Graduate School of Business
- M.B., B.S., Medicine, National University of Singapore

Present Directorship other than SGX (as at 30 June 2020)

Listed company

Nil

Others (non-listed company)

- Ascendas Funds Management (S) Pte Ltd (Chairman)
- DesignSingapore Council Pte. Ltd.
- Economic Development Board (Chairman)
- EDB Investments Pte Ltd (Chairman)
- EDBI Pte. Ltd. (Chairman)
- Enterprise Singapore
- Human Capital Leadership Institute Pte. Ltd.
- Lucasfilm Animation Singapore Pte. Ltd.
- National Research Foundation (Member)
- Singapore Innovate Pte. Ltd.
- Temasek Foundation Connects CLG Limited

Major Appointment (other than Directorship)

- University of St Gallen (Member of Advisory Board)
- Young Presidents' Organisation (Member)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- CLA Real Estate Holdings Pte. Ltd.
- Singapore Technologies Engineering Ltd
- ST Engineering Electronics Ltd.

Board of Directors



Ms Chew Gek Khim

Non-Executive and Independent Director

Date of first appointment as a director

1 December 2013

Date of last re-election as a director

3 October 2019

Length of service as a director (as at 30 June 2020)

6 years 7 months

SGX Board Committee Membership

NGC (Member) **RSDC** (Member)

Academic & Professional Qualification

- LL.B (Honours), National University of Singapore

Present Directorship other than SGX (as at 30 June 2020)

Listed company

- ARA Trust Management (Suntec) Limited (Non-Executive Chairman)
- Malaysia Smelting Corporation Berhad (Non-Independent and Non-Executive Chairman)
- The Straits Trading Company Limited (Executive Chairman)

Others (non-listed company)

- ARA Asset Management Holdings Pte. Ltd.
- Rahman Hydraulic Tin Sdn Bhd
- SME Help Fund Pte. Ltd
- Straits Real Estate Pte. Ltd.
- Tan Chin Tuan Pte. Ltd¹ (Deputy Executive Chairman)
- Tecity Pte Ltd² (Executive Chairman)

Major Appointment (other than Directorship)

- Honour (Singapore) Ltd (Member)
- RSIS Board of Governors (Member)
- MAS Securities Industry Council (Member)
- National University of Singapore Board of Trustees (Member)
- The Tan Chin Tuan Foundation (Deputy Executive Chairman)
- The Tan Sri Tan Foundation (undergoing liquidation) (Chairman)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- Amalgamated Holdings Private Limited
- ARA Asset Management Limited (Non-Executive Deputy Chairman)
- Cairnhill Rock Pte. Ltd.
- Morriston Pte. Ltd.
- Selected Properties Pte. Ltd.

¹ Including its subsidiaries & associates, namely Consultants Services (Private) Limited (Executive Chairman), Tecity Management Pte. Ltd. (Executive Chairman), Grange Investments Holdings Private Limited, Kambau Pte. Ltd. (Executive Chairman), Tiong Cheng Pte Ltd (Deputy Executive Chairman), Amberlight Limited, Siong Lim Private Limited (Executive Chairman), Choice Equities Pte Ltd, Integrated Holdings Private Limited (Executive Chairman), Nexford Holdings Pte Ltd, Aequitas Pte. Ltd., Raffles Investments Private Limited, Raffles Investments (1993) Pte Ltd and Sigford Pte. Ltd.

² Including its subsidiaries & associates, namely Ho Peng Holdings Private Limited, Selected Holdings Private Limited, Mellford Pte. Ltd. and The Cairns Pte. Ltd.



Ms Jane Diplock AO

Non-Executive and Independent Director

Date of first appointment as a director

25 July 2011

Date of last re-election as a director

3 October 2019

Length of service as a director (as at 30 June 2020)

8 years 11 months

SGX Board Committee Membership

AC (Member) **RMC** (Member)

Academic & Professional Qualification

- Bachelor of Arts (Honours), LL.B, Dip Ed., Sydney University
- Dip. Int. Law, Australian National University
- Chartered Fellow of the New Zealand Institute of Directors
- Fellow of the Australian Institute of Company Directors

Present Directorship other than SGX (as at 30 June 2020)

Listed company

Nil

Others (non-listed company)

- Australian Financial Services Group Pty Limited
- Singapore Exchange Regulation Pte. Ltd.

Major Appointment (other than Directorship)

- Abu Dhabi Global Market Regulatory Committee (Chairman)
- International Integrated Reporting Council (Chairman Governance and Nominations Committee)
- Public Interest Oversight Board (Member)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- International Integrated Reporting Council Board (Deputy Chairman & Lead Independent Director)



Mr Kevin Kwok
Non-Executive and
Independent Director

Date of first appointment as a director
20 September 2012

Date of last re-election as a director
20 September 2018

Date of next re-election as a director
24 September 2020

Length of service as a director (as at 30 June 2020)
7 years 9 months

SGX Board Committee Membership
AC (Chairman) NGC (Member) RMC (Member)

Academic & Professional Qualification

- Bachelor of Arts (Honours), University of Sheffield
- ACA – Associate, Institute of Chartered Accountants in England & Wales
- FCA – Fellow, Institute of Singapore Chartered Accountants
- FSID – Fellow, Singapore Institute of Directors

Present Directorship other than SGX (as at 30 June 2020)

- Listed company*
- Mapletree North Asia Commercial Trust Management Ltd

Others (non-listed company)

- Sentosa Development Corporation

Major Appointment (other than Directorship)

- Accounting Standards Council (Chairman)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- Keppel Offshore & Marine Ltd
- Wheelock Properties (Singapore) Limited



Mr Lim Chin Hu
Non-Executive and
Independent Director

Date of appointment as a director
21 September 2017

Date of next re-election as a director
24 September 2020

Length of service as a director (as at 30 June 2020)
3 years

SGX Board Committee Membership
AC (Member) NGC (Member) RMC (Member)

Academic & Professional Qualification

- Bachelor of Applied Science, La Trobe University, Australia
- FSID – Fellow, Singapore Institute of Directors

Present Directorship other than SGX (on 30 June 2020)

- Listed company*
- Kulicke & Soffa Incorporated (Listed on Nasdaq)
 - Singapore Technologies Engineering Ltd (“STEngg”)

Others (non-listed company)

- Citibank Singapore Limited
- G-Able Thailand Ltd
- Heliconia Capital Management Pte Ltd (“Heliconia”)
 - Vanda 1 Investments Pte. Ltd. (*Subsidiary of Heliconia*)
- Singapore Health Services Pte. Ltd. (“SingHealth”)
 - Aescaplus Holdings Pte Ltd (*Subsidiary of SingHealth*)
 - Alps Pte. Ltd. (*Subsidiary of SingHealth*)
 - Integrated Health Information Systems Pte. Ltd. (*Subsidiary of Ministry of Health Holdings*)
- SPTel Pte Ltd (*Subsidiary of STEngg*)

Major Appointment (other than Directorship)

- Stream Global Pte Ltd (Partner)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- Changi General Hospital Pte Ltd
- Eastern Health Alliance Pte. Ltd.
- Keppel DC REIT Management Pte. Ltd.
- Personal Data Protection Commission (IMDA)

Board of Directors



Ms Lim Sok Hui (Mrs Chng)

Non-Executive and
Non-Independent Director

Date of first appointment as a director

1 December 2015

Date of last re-election as a director

3 October 2019

Length of service as a director (as at 30 June 2020)

4 years 7 months

SGX Board Committee Membership

RMC (Chairman)

Academic & Professional Qualification

- Bachelor of Accountancy (Honours), National University of Singapore
- Chartered Financial Analyst (CFA)
- Certified Financial Risk Manager (FRM)
- Fellow Chartered Accountant of Singapore
- IBF Distinguished Fellow

Present Directorship other than SGX (as at 30 June 2020)

Listed company

Nil

Others (non-listed company)

- Changi Airport Group (Audit Committee Chairman)

Major Appointment (other than Directorship)

- CareShield Life Council (Member)
- DBS Bank Ltd (Chief Financial Officer)
- DBS Bank India Ltd (Non-Executive Chairman)
- International Integrated Reporting Council (Council Member)
- International Women's Forum (Singapore) (Member)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- Inland Revenue Authority of Singapore



Mr Ng Wai King

Non-Executive and
Independent Director

Date of first appointment as a director

20 September 2018

Length of service as a director (as at 30 June 2020)

1 year 9 months

SGX Board Committee Membership

RSDC (Member)

Academic & Professional Qualification

- LL.M., Columbia University School of Law, New York
- LL.B. (Honours), National University of Singapore

Present Directorship other than SGX (as at 30 June 2020)

Listed company

- CapitalLand Commercial Trust Management Limited

Others (non-listed company)

- National University of Singapore (Member of Board of Trustees)
- Singapore Institute of Directors
- Tricor WP Corporate Services Pte Ltd
- Wah Hin and Company Private Limited
- WongPartnership Myanmar Limited
- WPGrowth Ventures Pte Ltd

Major Appointment (other than Directorship)

- Corporate Law Advisory Panel, established by ACRA (Member)
- Lakeside Family Centre (Vice-Chairman)
- WongPartnership LLP (Managing Partner)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- 89 Holdings Pte. Ltd
- Home Nursing Foundation



Mr Subra Suresh

Non-Executive and Independent Director

Date of first appointment as a director

20 September 2018

Length of service as a director (as at 30 June 2020)

1 year 9 months

SGX Board Committee Membership

NGC (Member)

Academic & Professional Qualification

- Doctor of Science (Sc.D.), M.I.T., Cambridge, MA, USA
- Master of Science (M.S.), Iowa State University, Ames, IA, USA
- Bachelor of Technology (B.Tech.), Indian Institute of Technology, Madras

Present Directorship other than SGX (as at 30 June 2020)

Listed company

Nil

Others (non-listed company)

- HP Inc., Palo Alto, CA, USA
- MatchMove Pay Pte Ltd

Major Appointment (other than Directorship)

- A*STAR (Member)
- Advisory Council on Community Relations in Defence (Educational Institutions) (Member)
- Applied Materials Inc. (Santa Clara, CA) USA (Member, Growth Technology Advisory Board)
- Future Economy Council (Member)
- Growth Technology Advisory Board of Applied Materials Inc. Santa Clara, CA (Member)
- Health and Biomedical Sciences Executive Committee (Member)
- Nanyang Technological University, Singapore (President and Member of the Board)
- National Research Foundation (Member)
- Reliance Industries Ltd. (Mumbai) (Senior Advisor to the Chairman for Reliance Industries Ltd. and Jio Institute)
- Temasek International Pte Ltd. (Senior Advisor)

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- Battelle Memorial Institute, Columbus, OH, USA
- The Dietrich Foundation, Pittsburgh, PA, USA



Mr Mark Makepeace

Proposed Non-Executive and Independent Director

Proposed date of appointment as a director:

24 September 2020

Academic & Professional Qualification

- The Institute of Chartered Secretaries and Administrators, United Kingdom

Present Directorships other than SGX (as at 30 June 2020)

Listed company

Nil

Others (Non-listed company)

- M8R Limited
- St Giles Global LCC
- The Stock Exchange of Saudi Arabia (Tawadul)

Major Appointment (other than Directorship)

Nil

Past Directorship other than SGX held over the preceding three years (from 30 June 2017 to 29 June 2020)

- FTSE Russell
- London Stock Exchange
- Westwood Grange (Cobham) Management Company Limited

Executive Management Committee



- 6 Ms Tinku Gupta
- 7 Mr Chew Sutat
- 8 Mr Michael Syn
- 9 Mr Lee Beng Hong
- 10 Mr Arulraj Devadoss



- 1 Mr Loh Boon Chye
- 2 Mr Chng Lay Chew
- 3 Mr Ng Yao Loong
- 4 Mr Tan Boon Gin
- 5 Ms Agnes Koh



Executive Management Committee

Mr Loh Boon Chye Chief Executive Officer

Mr Loh Boon Chye joined SGX as CEO on 14 July 2015. He is also an Executive and Non-Independent Director on the SGX Board. As CEO, he drives SGX's growth strategy, with the aim of transforming SGX into a world-class multi-asset exchange.

Over the years, Mr Loh has played a key role in the development of Southeast Asia's capital markets, having held a number of senior advisory positions. Apart from his directorship on the SGX Board from 2003 to 2012, he has been on the Boards of GIC Pte Ltd since November 2012, Economic Development Board Singapore since February 2017 and the World Federation of Exchanges since September 2017. He is also Chairman of the Sim Kee Boon Institute for Financial Economics Advisory Board and Co-Chair of the Council for Board Diversity.

With a career in the financial industry that spans close to 30 years, Mr Loh was most recently Deputy President and Head of Asia Pacific Global Markets at Bank of America-Merrill Lynch from December 2012 to May 2015. He was also the bank's Country Executive for Singapore and Southeast Asia and a member of its Asia Pacific Executive Committee.

Mr Loh began his career as an Investment Officer with the Monetary Authority of Singapore in 1989. He joined the Singapore branch of Morgan Guaranty Trust Co. of New York in 1992, managing its Southeast Asia fixed-income and derivatives business. From 1995 to 2012, he was with Deutsche Bank AG, where he held various leadership roles including Head of Corporate & Investment Banking for Asia Pacific and Head of Global Markets for Asia.

Mr Loh is a council member and Distinguished Fellow at the Institute of Banking & Finance Singapore and a council member at the Singapore Business Federation. He was also previously Chairman of the Singapore Foreign Exchange Market Committee, as well as Deputy President of ACI Singapore. He was awarded for Outstanding Contribution to Financial Markets in Asia in the Euromoney Awards for Excellence in 2010, and was presented the International Financial Law Review (IFLR) Market Reform Award 2017.

Mr Loh holds a Bachelor of Engineering degree from the National University of Singapore.

Mr Chng Lay Chew Chief Financial Officer

Mr Chng Lay Chew is Chief Financial Officer of SGX where he oversees Finance, Corporate Treasury, Capital Management and Investor Relations. In his role, he also manages the Facilities Management and Central Procurement units.

Mr Chng has more than 30 years of experience in accounting and financial management, including leadership positions in leading local and international banks. In his previous role, he was responsible for the finance functions of DBS Group's operations in all countries outside Singapore. He was also previously CFO of the bank's Greater China business, supporting the integration and growth of its Hong Kong operations and the expansion into China. His earlier roles included senior finance positions in JP Morgan's Singapore, Tokyo and New York offices.

Mr Chng serves on the board of the Philippine Dealing System Holdings Corp and the Baltic Exchange. He is also a member of the Advisory Board of the School of Accountancy at the Singapore Management University and currently serves as President of the Singapore Division of CPA Australia.

Mr Chng is a member of the Chartered Accountants Australia and New Zealand, the Institute of Singapore Chartered Accountants and a Fellow member of CPA Australia. He holds a Bachelor of Commerce and Administration degree from New Zealand's Victoria University of Wellington.

Mr Ng Yao Loong Deputy Chief Financial Officer

Mr Ng Yao Loong was appointed Deputy Chief Financial Officer (CFO) of SGX since 1 April 2020. He will succeed Mr Chng Lay Chew as CFO from 1 October 2020, upon Mr Chng's retirement.

Mr Ng has extensive experience in financial markets and infrastructures. He was previously with the Monetary Authority of Singapore (MAS) where he spent more than seven years in senior positions, including Assistant Managing Director of the Development and International Group as well as Executive Director of the Markets Policy and Infrastructure Department and Financial Markets Strategy Department.

Prior to MAS, Mr Ng was an investment banker with Morgan Stanley in Singapore and Citigroup in Hong Kong and London.

As Deputy CFO of SGX, Mr Ng oversees the entire spectrum of SGX's finance and accounting functions, including treasury and tax. When he assumes the CFO role, he will also oversee capital management, investor relations, facilities management and central procurement.

Mr Ng holds a Master of Business Administration from the Kellogg School of Management, Northwestern University, and a Bachelor of Arts degree from the University of Cambridge.

Mr Tan Boon Gin Chief Executive Officer Singapore Exchange Regulation

Mr Tan Boon Gin joined SGX as Chief Regulatory Officer on 15 June 2015. He heads the Singapore Exchange Regulation, an independent regulatory subsidiary of SGX, which undertakes all front-line regulatory functions to promote a fair, orderly and transparent market.

Before joining SGX, Mr Tan was Director of the Commercial Affairs Department of the Singapore Police Force. Prior to this, Mr Tan held several appointments at the Monetary Authority of Singapore (MAS) including Director of the Enforcement Division, Director of the Corporate Finance Division and Executive Director of the Investment Intermediaries Department. Mr Tan was seconded to MAS after serving as a District Judge at Singapore's Subordinate Courts.

Mr Tan's earlier roles included serving as a Justices' Law Clerk at Singapore's Supreme Court and a Deputy Public Prosecutor at the Attorney General's Chamber, where he specialised in corruption and white collar crime, before leaving to practise at Messrs Sullivan & Cromwell in New York. He is a member of the Singapore Institute of Directors Council and serves on the Board of the Inland Revenue Authority of Singapore.

Mr Tan is an advocate and solicitor and holds degrees from the University of Cambridge and Harvard Law School. Mr Tan was awarded the Public Administration (Silver) Medal in 2010.

Ms Agnes Koh Chief Risk Officer

Ms Agnes Koh was appointed Chief Risk Officer of SGX from January 2014. She is responsible for

championing and leading enterprise risk management activities across the organisation, formulating the risk framework and assessments for new products and business strategies, and managing the clearing risk of SGX's securities and derivatives clearing houses. Since September 2015, Ms Koh oversees the business continuity management of SGX. She is also appointed as Chairman of Energy Market Company (EMC), a wholly owned subsidiary of SGX which operates Singapore's wholesale electricity market, from 1 October 2018. She is the Vice Chairman of CCP12, a global association for central counterparties that work together on issues of mutual interest and benefit to minimise global systemic risk and enhance the efficiency and effectiveness of international markets. Ms Koh is also a representative member of the U.S. Commodity Futures Trading Commission's ("CFTC") Global Advisory Committee ("GMAC"). The GMAC fosters open, transparent competitive and financially sound markets while overseeing Regulatory and Operational Risks.

Ms Koh joined SGX on 1 December 2005 as Vice President in Risk Management and has worked through various roles within risk management. Prior to joining SGX, she had more than 11 years of experience in managing the foreign reserves of the Monetary Authority of Singapore and was also an auditor with a public accountancy firm.

Ms Koh was conferred the Distinguished Fellow award by the Institute of Banking and Finance Singapore (IBF) in 2016. The IBF Distinguished Fellow is a significant role model who serves as a beacon of excellence for the financial industry. She is a Certified Public Accountant from Institute of CPA and holds a Bachelor of Accountancy (Hons) degree from National University of Singapore.

Ms Tinku Gupta Chief Technology Officer

Ms Tinku Gupta is the Chief Technology Officer, where she is responsible for the overall planning, development and implementation of the company's technology-related strategies and initiatives, as well as operations of SGX Technology environment. She was appointed as a member of the SGX Executive Management Committee on 1 May 2017.

Ms Gupta joined SGX in October 1996, in what was then known as SIMEX, as a software developer in the Technology team. Over the past 20 years, she has worked in a variety of roles, gaining exposure in many aspects of SGX's business and Technology functions. Amongst her various job rotations, she successfully led the Business Integration and Programme Management function in SGX through a period of significant change and worked on implementing the current Securities and Derivatives platforms on NASDAQ applications. She also headed the Market Data and Connectivity business, successfully establishing the co-location services business and launching the index business, before returning to head the Technology unit in November 2015.

Under her Technology leadership, SGX is steadily strengthening its software development capabilities and building differentiated platforms to support its multi-asset class strategy. Steering experimentation on emerging technologies to enable transformation and innovation excites her to be a technologist in capital markets in this technology-led economy.

Ms Gupta holds a Master's degree in Electronics and Telecommunications Engineering.

Executive Management Committee

Mr Chew Sutat Senior Managing Director

Mr Chew Sutat is Head of Global Sales and Origination, and leads SGX's equity and debt capital market teams in developing private-to-public capital raising solutions for companies globally. He is responsible for SGX's international offices and oversees specialist sales teams in 10 cities, serving all client segments with the full spectrum of SGX products and services across asset classes.

Mr Chew joined SGX in June 2007 and was appointed to the Executive Management Committee in May 2008. He is also the Chairman of SGX's Bull Charge CSR initiatives.

Prior to SGX, Mr Chew had senior roles at Standard Chartered Bank, OCBC Securities and DBS Bank, where he held varying portfolios in strategic planning and business development for institutional banking and private clients.

Mr Chew sits on the boards of CapBridge, a private capital platform, and iSTOX, both of which are supported by SGX. Outside of SGX, he is a Fellow of the Singapore Institute of Directors (SID) and the Institute of Banking and Finance Singapore (IBF). He serves as Chairman of the IBF's Sub-Committee for Corporate Finance, Securities & Futures. In the social arena, he serves in various National Council of Social Service (NCSS) Committees including Community Chest as Vice-Chair and is a Member of NCSS Member Services Committee and Leadership Selection Panel. Mr Chew also chairs Caregivers Alliance Limited (Charity) and is the Immediate Past Chair of Kaki Bukit Citizens' Consultative Committee.

Mr Chew graduated with a Bachelor of Arts (First Class Honours) degree in Philosophy Politics & Economics (PPE) from Oxford University and also holds a Master of Arts degree from Oxford.

Mr Michael Syn Senior Managing Director

Mr Michael Syn is Head of Equities at SGX.

Mr Syn has management responsibility for SGX's equities business, across both the stock market and futures market. He also serves as director and CEO of SGX's regulated infrastructures for Securities Trading (ST), Central Depository (CDP), Derivatives Trading (DT) and Derivatives Clearing (DC).

Prior to this role, Mr Syn led the Exchange's successful derivatives business in equity, commodity and currency asset classes. He joined SGX in March 2011 with a background in investment banking and investment management.

Mr Syn graduated with a Master's and a Doctorate degree from Cambridge University and attended the Harvard Advanced Management Program (AMP).

Mr Lee Beng Hong Senior Managing Director

Mr Lee Beng Hong is Head of Fixed Income, Currencies and Commodities (FICC) at SGX. He joined SGX on 1 August 2019 to spearhead the newly-formed FICC business unit, as part of SGX's efforts to build scale in multiple asset classes.

As Head of FICC, Mr Lee will focus on expanding the range of products, platforms and partnerships for this growing set of asset classes. He will also build upon SGX's strategic investments in Trumid, a US corporate bond e-trading platform; BidFX, a specialised trading platform for global FX markets; and Freightos, a digital freight platform and data firm. Additionally, he oversees the Energy Market Company which operates Singapore's wholesale electricity market, as well as the Baltic Exchange based in London.

With over 16 years of experience in global markets, Mr Lee has held various senior roles in Deutsche Bank, specialising in Asian FICC trading, structuring, sales and coverage. He most recently led Deutsche Bank's financing and solutions group for North Asia, in addition to his responsibilities as Executive Vice-President of Deutsche Bank China and Head of Global Markets, China.

He started his career in Deutsche Bank Singapore, where he managed rates and FX trading books across G3 and Asian markets.

Mr Lee holds a Master of Science in Financial Engineering from Nanyang Technological University, as well as a Master of Engineering (Civil) from the National University of Singapore.

Mr Arulraj Devadoss Senior Managing Director

Mr Arulraj Devadoss joined SGX on 1 December 2011 as Head of Human Resources and was appointed to the Executive Management Committee in May 2012.

Mr Devadoss is an industry veteran with more than 30 years in human resources management, and comes with a rich global experience from the banking and financial industry. In his 20 years with Standard Chartered Bank, he worked in roles across several businesses and spanning various aspects of human resources. In his last role, he was the Global Human Resources Head for the Client Relationship Business of Standard Chartered Bank.

Mr Devadoss graduated with a Bachelor of Arts degree in Economics from the University of Madras, India. He also holds a Honours Diploma in Personnel Management and Industrial Relations from Xavier Labour Relations Institute, Jamshedpur.



Value Creation & Sustainability



How We Create Value

Singapore Exchange (SGX) is committed to maintaining a sustainable business that generates long-term value for our stakeholders. This integrated report describes how we shape our future from identified trends, risks and factors that are material to maintaining organisational sustainability. It also describes how we continue to invest to be a leading centre for capital raising, risk management and price discovery for the investment community.

Forms of Capital

SGX's ability to create value is dependent on the effective deployment of our financial, human, intellectual and social capital.

1 Financial Capital

Financial Capital refers to our share capital and retained profits. Our financial capital is used to recruit and retain staff, invest in best-in-class technology and infrastructure, capitalise our clearing houses and acquire assets in support of our multi-asset growth strategy.

2 Human Capital

Human Capital refers to our staff's experience and expertise. Our highly-skilled staff ensure operational resilience, deliver innovative products and services and assurance of a fair, orderly and transparent marketplace.

3 Intellectual Capital

Intellectual Capital refers to our institutionalised knowledge base. This is made up of our policies, procedures and processes, knowledge-based intangible assets, software, proprietary rights to our market data, indices and brand. We embrace new technology to increase our knowledge base.

4 Social Capital

Social Capital refers to our collaborative relationships with stakeholders, including our shareholders, clients, market participants, partners, regulators and the communities in which we operate. We also leverage on being headquartered in the only Asian economy that is AAA-rated by major credit rating agencies.

Identified Trends



Macroeconomic Environment



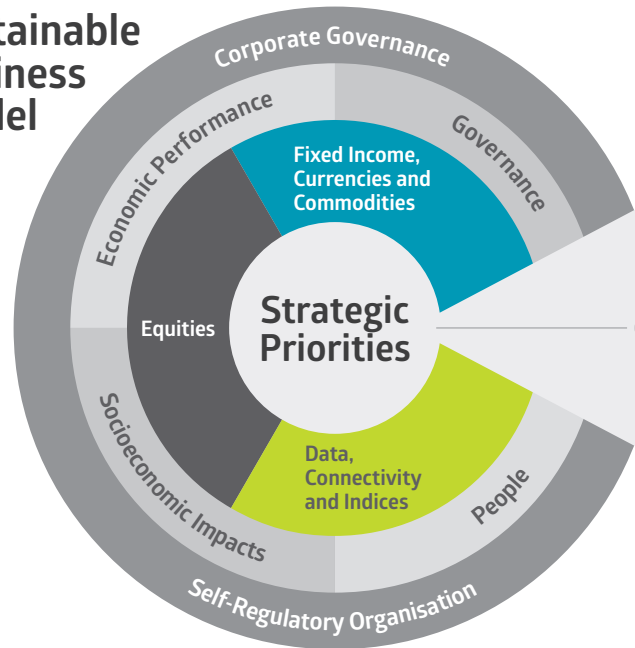
Developments in Financial Markets



Global Regulatory Landscape



Sustainable Business Model



Identified Risks



Business Risks



Credit & Liquidity Risks



Operational Risks

- D** More on our Identified Risks at pages 32 to 33 and pages 36 to 41
- D** More on our Strategic Priorities at pages 34 to 35
- D** More on our Economic Performance, Socioeconomic Impacts, Governance and People at pages 43 to 49

Awards

- Best FX Exchange in Asia and Best FX Clearing House in Asia by FX Week
- Derivatives Exchange of the Year by Asia Risk
- Exchange of the Year – Asia Pacific by FOW International Awards
- Exchange of the Year by Regulation Asia Awards

SGX is a global, diversified, multi-asset exchange group that runs key market infrastructures including the Singapore securities market and a pan-Asian derivatives exchange covering all major asset classes.

Our securities market offers a platform for businesses globally to gain access to capital, and for investors to be a part of the economic growth of these businesses. International customers participate in our derivatives

market, which is the world's only pan-Asian derivatives exchange, offering single point access into major Asian markets across asset classes.

As a self-regulatory organisation (SRO), SGX performs a dual role as a front-line market regulator and a commercial organisation. We ensure that listed companies meet their ongoing obligations to investors, and that participation in our markets is carried out in a fair, orderly and transparent manner.



Competition



Technology Developments



Build a Multi-Asset Exchange



Grow International Presence



Expand Network and Partnerships



Regulatory & Reputational Risks



ESG Risks

More on our Corporate Governance practices at pages 52 to 81

More on our role as a Self-Regulatory Organisation at pages 82 to 86

Outcomes for Stakeholders

1 We are the venue of choice for raising capital

We operate the largest stock market in Southeast Asia. With a market capitalisation of around \$800 billion, we are an international listing venue where more than 40% of our equity market capitalisation comes from non-Singapore companies. We are also the largest exchange in Asia Pacific for the listing of international bonds, with over 6,500 debt securities listed by more than 1,500 issuers from over 56 countries in 26 currencies.

2 We are a trusted pan-Asian multi-asset risk management centre

We are the world's most liquid offshore market for Asian equity index derivatives, and a global currencies and commodities risk management centre. Through our focused approach on the Asia-centric steel manufacturing industry, we lead the way in risk and pricing solutions for iron ore, coking coal, steel and freight. We also offer a growing portfolio of currency futures contracts for investors to manage their Asian currency exposure.

We have robust risk management systems and processes that are aligned with global standards, and we continue to be recognised by global regulators such as the Commodity Futures Trading Commission and the European Securities and Markets Authority.

3 We return value to our shareholders

In the last 10 years, our shareholders were able to participate in the growth of the company. We have returned value to our shareholders through annual dividend payouts of between 26 cents to 30 cents per share, representing a payout ratio of above 70% of net profits. We aim to pay a sustainable and growing dividend, in line with the long-term growth of the company.

4 We are a systemically important financial infrastructure to the Singapore financial ecosystem

We meet the highest governance and regulatory standards in support of Singapore's status as a global financial centre.

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Identified Trends

SGX's continued success in creating sustainable, long-term stakeholder value is largely influenced by a number of key trends. Our management has identified five trends. They encompass developments in macroeconomic environment, financial markets, global regulatory landscape, competition and technology developments. Each trend brings unique risks and opportunities to the organisation, and is a major consideration in our approach to the formulation of our strategic priorities.



Macroeconomic Environment

A key factor influencing our business performance is the level of market activity

Our business performance is largely influenced by the level of activity in our securities and derivatives markets. With more than 40% of our market capitalisation originating from companies domiciled outside Singapore, developments in global macroeconomic policies and geopolitical climate will have an impact on the performance of our listed companies. This in turn will influence investors' actions and the level of activity in our market. Companies also seek capital to fund growth opportunities, and increased demand for capital raising is key to generating market activity in our securities market.

In an environment where there is volatility in underlying equities, currencies and commodities markets, investors will demand for tools to manage their portfolio risks. This will result in the increased use of SGX's suite of Asian risk management solutions across asset classes, leading to higher activity on our derivatives market.

In the past year, our markets were influenced by investors' reacting to economic and geopolitical events such as the trade war between US and China, declining interest rates, and volatility in global oil prices. More recently, the impact from the COVID-19 pandemic took center stage. Global economies were affected by COVID-19 at differing stages, and government-led measures to stem the spread of the virus were implemented at varying timeframes and degrees. These measures have led to negative economic consequences, resulting in heightened market activity as global investors adjusted their investments to manage portfolio risks and returns.

Amidst the continued market volatility expected from these developments, SGX's multi-asset business is well-positioned to offer investors Asian access and financial risk management solutions.



Developments in Financial Markets

Asia will lead global growth; passive investing continues its prominence; and private markets compete with public equities

Asia is expected to continue to lead global economic growth, fuelled by China's journey to liberalise its financial markets. In the past year, capital flows to Asia grew as China stepped-up its internationalisation efforts by progressively opening its equities, debt and currency markets to foreign participation. China's A-shares have been added to major global indices, as seen from the progressive increase in the inclusion factor of China A Large Cap shares to 20% in the MSCI Indexes in 2019. SGX's suite of multi-asset Asian products, which addresses more than 80% of the GDP in Asia including China, offers investors the ability to participate in Asia's growth prospects as well as manage investment portfolio risks.

Another trend driving financial markets is the growth of passive investing. In Asia Pacific, PwC¹ expects passive investing to grow by more than 10% annually to US\$5 trillion in 2025. SGX's acquisition of Scientific Beta will enable us to play a larger role in the index business, particularly in the development of factor indices that form the base for many passive funds. The growth of passive investing will also lead to higher demand for portfolio risk management solutions using equity index products on exchanges like SGX.

Numerous sources of funding are now available to companies. As Singapore continues to strengthen as a global financial hub, more private capital in the form of venture capitalists have based themselves in Singapore. With ample supply of capital, Singaporean and regional companies could remain private and tap the private markets for a longer time. SGX's approach is to extend its presence in the private markets. We invested in CapBridge, a private capital-raising platform, with the goal of creating a catchment area for future IPOs.

¹ Asset & Wealth Management 2025: The Asian Awakening Report, PwC (2019).



Global Regulatory Landscape

Navigating a transforming regulatory landscape

Regulators worldwide have been focusing on the challenges presented by technological innovation and evolving business models. SGX is attuned to these complexities and works closely with both regulators and market participants to thrive in this dynamic environment.

SGX offers trading and clearing services to participants in line with international standards. We are regulated by the Monetary Authority of Singapore (MAS), the US Commodity Futures Trading Commission, and the Hong Kong Securities and Futures Commission. We are also recognised by the European Securities and Markets Authority, the UK Financial Conduct Authority and the Swiss Financial Market Supervisory Authority in various capacities. Our ability to meet standards on a cross-border basis is a competitive advantage that enables us to achieve our growth objectives.

Financial institutions have taken to new digital tools to facilitate their services, such as artificial intelligence and distributed ledger technology (DLT). Non-traditional entrants such as crypto-assets and robo-advisers, are becoming more prevalent. This brings about new risks and twists on regulatory issues. Policymakers globally are now adapting their post-crisis regulatory frameworks to fit this rapidly developing landscape. In this regard, SGX has collaborated with the MAS and other partners to explore the use of DLT. SGX will continue to keep abreast of developments, harness new technologies to improve our service offerings and engage with stakeholders in the formulation of appropriate regulatory responses.

The COVID-19 pandemic has given rise to new challenges as new processes and systems become necessary for all in protecting public health and safety. SGX has made and will continue to make the necessary adjustments so that regulation and engagement with the market remains robust.



Competition

SGX faces competition from global exchanges

Due to the attractiveness of Asian markets, exchanges globally have been focusing on being a part of Asia's growth. We remain confident that we can compete favourably with existing and new competitors. Our strengths lie in our diversified multi-asset exchange model, our reliable platform for capital raising, our robust regulatory system, and our unique value proposition as the only exchange offering single-point access into key Asian markets. We also operate two well-capitalised clearing houses that meet the highest global regulatory standards, earning trust and confidence from our participants.

As the only securities market operator in Singapore, we pride ourselves to be the most international stock market, with more than 40% of our market capitalisation coming from companies that are domiciled outside Singapore.

Our derivatives business remains uniquely pan-Asian, offering Asian access and risk management solutions to investors in asset classes such as equities, currencies and commodities. Potential competitive threats could come from other exchanges developing similar platforms. SGX's competitive advantage remains our broad range of multi-asset Asian access and risk management solutions, our intellectual capital in developing new platform solutions that meet the needs of our stakeholders, our offering of a single-point access to multiple asset classes, and our cross-margining benefits that result in lower cost of capital for clients.

SGX continues to explore inorganic opportunities that offer synergies and growth potential, and expand our partnerships and networks to develop mutual commercial benefit. During the year, we acquired Scientific Beta, a smart beta index firm specialising in multi-factor and single-factor index investment strategies.



Technology Developments

Technology continues to be both a key enabler as well as a potential source of significant disruption to our business model in the long run

SGX relies on technology across all aspects of business and operations. We focus on enhancing operational resilience, while seeking to future-proof our infrastructure for the longer term by making investments in emerging technologies. Our ongoing digitalisation initiatives have enabled us to accelerate a comprehensive response to the COVID-19 pandemic, ensuring a smooth transition to a mobile workforce with more than 90% of staff working from home, including those supporting critical business functions, while continuing to implement customer-focused, data-centric and innovative platforms. This is crucial to ensuring long-term sustainability of our organisation.

As a critical infrastructure provider in the Singapore financial system, we contribute to the industry development of security standards to address global cybersecurity risks. We are also progressively investing in new technology capabilities to improve our ability to anticipate, assess and manage these risks.

The long-term trend is for exchanges to become integrated platforms where a broad range of products are seamlessly listed and traded, including products traditionally traded over the counter. SGX is progressing along this trend, supported by innovations in trading platforms, connectivity, as well as the continued enhancements of capabilities to meet industry needs.

Disruptive technologies are poised to change the landscape of our industry over time. To remain relevant as a centre for capital raising, price discovery and risk management, we have focused on engineering innovation, building intellectual property with emerging technologies, and establishing key partnerships with leading technology companies and universities, including a collaboration with Temasek Holdings on a next-generation digital asset platform. We will continue to build up our software development, cybersecurity and data science capabilities to empower current and future business models.

Strategic Priorities

Our long-term priority is to be a global multi-asset exchange that is horizontally and vertically integrated, covering all major asset classes across time zones. Our priorities also include growing our international presence, and expanding our network and partnerships. We have continued to further our progress in these areas during the year.



Build a Multi-Asset Exchange

Widen our product offerings and increase our trading and clearing activities

Fixed Income

Grow our bond listings and establish SGX Bond Pro as a leading offshore G3 Asian electronic bond trading platform.

Currencies

Strengthen our market position in Asian currency futures by capitalising on Singapore's position as the largest foreign exchange (FX) centre in Asia Pacific.

Commodities

Increase our futures volume with a focus on our bulk commodity offering.



Grow International Presence

Build up our overseas capabilities in key financial centres, acquire new clients and deepen client engagement

Equity and Debt Listings

Grow the number of listings, and develop key emerging global sectors such as real estate, healthcare, consumer and technology.

Market Participation

Increase international trading and clearing activities, and grow our subscription and licensing services.

Members and Clients

Acquire new members to enhance our distribution channels, and expand our global client base across all segments.



Expand Network and Partnerships

Strengthen cross-border flows through collaboration with other markets

Market Infrastructure

Collaborate with market infrastructures and market operators to grow cross-border flows.

Platforms

Develop platform partnerships to enhance service capabilities.



Business Priorities

Fixed Income, Currencies and Commodities

Fixed Income

Our bond trading and settlement business grew considerably from FY2019 as we saw increased trading activity from over 200 participants. In partnership with Trumid, we will continue to focus our efforts on growing our customer base

through SGX's presence in 10 major financial cities globally. Impacted by the COVID-19 pandemic, the business also saw increased activity as participants shifted from over-the-counter arrangements to electronic trading platforms.

Currencies

We will continue to grow our FX franchise by bridging over-the-counter and listed markets. Our innovative FlexC FX futures offering brings together the flexibility of OTC FX with the capital efficiency and surety of centrally cleared futures. We will also focus on developing our FX futures franchise by growing market share and enhancing the distribution of key futures products in Asian currencies.

In partnership with the newly acquired BidFX, we will bring together OTC and on-exchange pools of liquidity to offer access to FX Futures-OTC on an integrated platform. Our customers will be able to access a larger and more diverse pool of liquidity, trade either OTC or via listed FX instruments, effectively manage their portfolio risks and experience a seamless and integrated workflow.

Commodities

We saw strong growth in our commodities franchise from a year ago. This was underpinned by increased adoption and liquidity in our key contracts, driven by financialisation of iron ore and Baltic maritime indices as key macro proxies for Asian and China growth. In FY2021, we will focus our efforts in the following areas:

- 1 Support a larger footprint in our trade and transport initiatives, looking at a wider range of freight indices underlying global trade;
- 2 Drive digitalisation initiatives to achieve trade and content efficiencies on our broker-centred platform Titan OTC Pro and the Titan hub; and
- 3 Incubate seaborne and China-related ferrous, bulks and freight opportunities underpinned by our market-leading position in these key areas.

Equities

Our equities franchise anchors on the increasing needs of our international clients to manage hard currency Asian risk exposure including China, Japan and India.

SGX is poised to deliver synergies across cash equities, MSCI Singapore derivatives and our newly launched single stock futures on Singapore-listed companies. The symbiotic relationship between these products creates new trading opportunities for clients in both our cash and derivatives markets. Through our international presence, we aim to continue deepening the liquidity in our markets across Asia, Europe and US time zones.

Riding on the success of our Daily Leverage Certificates (DLCs), we will work towards expanding the number of issuers, while continuing to offer investors with new and innovative investment opportunities.

During the year, with the support of the Grant for Equity Market Singapore (GEMS), around 10 research houses in Singapore have committed to hiring close to 50 analysts over the next three years. Research coverage has now broadened for over 40 SGX-listed companies which had seen limited coverage previously. We will continue to work with the research ecosystem and enhance our research activity as a service to both our listed companies and the investment community.

Through our digitalisation efforts, Central Depository (CDP) services continued to be available to investors throughout the stay-home periods due to COVID-19. SGX remains committed to this journey of putting digital services into the hands of investors.

Data, Connectivity and Indices

We are well-positioned to build upon our growth momentum and focus on new collaborations and services for our data, connectivity and index business.

In FY2020, we scaled up our index business with the acquisition of leading smart beta index firm, Scientific Beta. This will enable us to create synergies by harnessing the capabilities of SGX Index Edge and combining this with Scientific Beta's research-driven business to expand our suite of index products to a wider range of international clientele.

Growth in data business was fuelled by the increased visibility and access of SGX market data as well as with

our expanded efforts in direct engagement with firms to understand their data usage. In FY2020, we continued our focus to promote awareness of the Chinese bond market with the distribution of China Bond-ICBC RMB Bond Indices. We will continue to broaden our data distribution network to develop greater investor awareness and participation in our market through targeted partnerships with brokers and vendors internationally.

For our connectivity business, co-location services continue to be the growth driver and we have started offering cloud-based solutions for our market participants. We expect to address more sophisticated needs that will enable accelerated access to our markets.

Global Sales and Origination

In FY2021, we will continue to grow our international presence and increase participation in our markets from existing and new customers.

SGX's variety of capital-raising platforms provide the fluidity of choice and all-weather support to businesses in varying stages of growth. They also offer a variety of investment opportunities for international participants.

Through our global presence in 10 major financial cities, we will build on our successful real estate sector and broaden our regional corporate issuers in healthcare, consumer and technology sectors. This includes inviting prospective Chinese issuers to consider a seconding listing in our market. In partnership with brokers and banks, we expect to leverage our corporate access efforts to heighten virtual awareness of our issuers among global investors. This will help issuers establish a broader foundation for secondary fund raising to grow their businesses, as well as enhance issuers' trading liquidity in our market.

As the most international fixed-income listing venue in Asia, we will grow through an expanded network of international listing agents and extend our market-leading position in innovative Asian green, sustainable, and structured bonds.

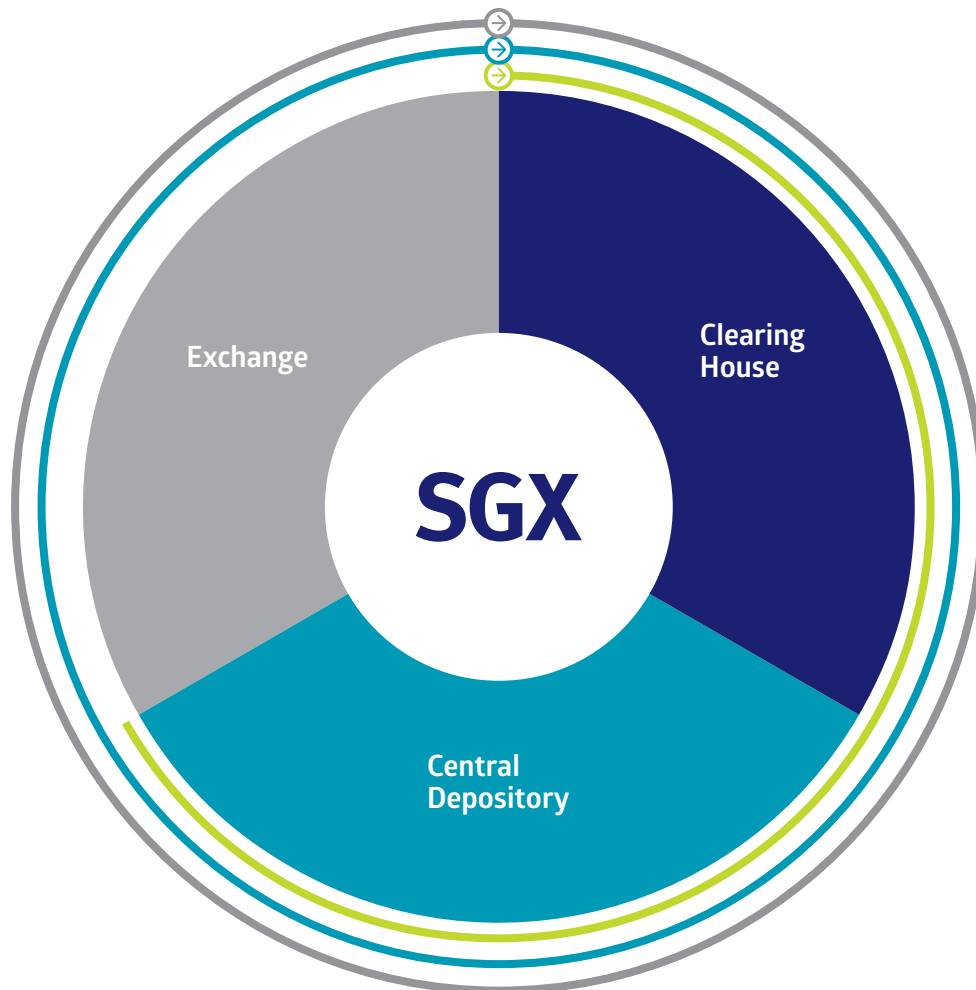
SGX's multi-asset platform, which is available 22.5 hours a day, enables customers across all time zones to participate in our market. Through our global presence and intermediaries, we will broaden the coverage of global buy-side asset managers, financial and physical traders to increase participation across our equities, currencies and commodities suite. Liquidity will be further enhanced as we expand our global distribution network through new international members.

Existing and new partnerships with Chinese companies, intermediaries and associations will drive interest in our markets from investors in China and Hong Kong. This will extend our foothold in China, a key market for SGX, and allow us to participate in the growth and progressive internationalisation of China's financial markets.

Risk Management

Effective risk management is integral to SGX's business strategy. As a key financial market infrastructure that operates trading, clearing, settlement and depository activities, we are committed to actively managing our risks to support our strategic objectives.

Key Risks Faced by SGX



Credit & Liquidity Risks

Our risk management is performed to the highest standards to address the potential risks of default of a participant.



Operational Risks

We are fully committed to operational resilience against technology risks, cyber risks, data risks, risks from outsourcing and risks to business continuity.



Regulatory and Reputational Risks

We have zero tolerance towards events that could impact the operation of a fair, orderly, transparent and efficient marketplace.

Risk Description for SGX

What Are We Doing About It?

1 Credit Risks

Risks arising from potential default of a participant

SGX is a financial market infrastructure and its business model is different from that of most financial institutions. As an exchange, SGX matches buyers with sellers. As a clearing house, SGX removes counterparty risk by serving as the central counterparty in every trade – SGX becomes a buyer to every seller and a seller to every buyer. In so doing, SGX plays the vital role as the risk management hub, and limits contagion and the transfer of credit risk across the financial ecosystem.

Investors access SGX through our members, who are required to meet payment obligations in a timely manner. SGX collects margin from its members multiple times daily to reduce credit risk.

In this business model, SGX is put at risk only in the rare instance that a member defaults. Should this happen, our clearing house will need to manage, transfer and close-out the open positions of the defaulted firm. SGX and other members may need to absorb the losses from the resulting market risk.

SGX has established layers of defence to safeguard its clearing house against members' credit risk.

Good quality members are screened at admission. Their credit standing and internal risk management capability are reviewed regularly as part of ongoing supervision. Active monitoring of members' positions and acute awareness of market conditions and political events enable pre-emptive mitigating actions to be taken by SGX. This ensures that risk does not concentrate on any particular member and remains manageable. Margin requirements for trade exposures are regularly reviewed for adequacy and margins are collected promptly. The use of data analytics and process automation have also improved our agility and responsiveness to changing market conditions. All these defences came into good effect when managing the unprecedented volatility triggered by the COVID-19 pandemic. Throughout, SGX remained vigilant and was pre-emptive in managing members' risk exposures with more frequent margin reviews and simulation of their portfolio changes to assess the potential impact to SGX. Margins were also increased in phases to avoid putting further liquidity pressure on participants.

Additionally, SGX and its members contribute resources to a default fund that is strong enough to withstand multiple member defaults. The resources to manage a potential credit event have been stress-tested to cover multiple extreme and plausible scenarios. SGX contributes at least 25% of the default fund using its own capital, one of the highest "skin in the game" among global clearing houses. In the rare event of a member default, we have in place a robust default management protocol to effectively respond and manage fallout and preserve market continuity. Furthermore, to protect investors, customer monies are segregated and held in trust. With new auction tools for the derivatives market now in place, our default management capabilities have been further enhanced.

2 Liquidity Risks

Risks arising from potential default of a participant

In the rare event of a member default, SGX may need liquidity in honouring payment obligations to other members. This is because it will no longer receive payments from the defaulted member.

In addition, in facilitating day-to-day settlement of payments and safekeeping of customer monies, the clearing house uses commercial banks. A counterparty default of such a commercial bank, though highly unlikely, will expose SGX to liquidity risks.

SGX sets aside resources to cover liquidity risks. To provide sufficient headroom, we perform regular liquidity stress tests, which simulate a variety of hypothetical default scenarios under severe stress conditions involving members and commercial banks. This practice ensures that even under such extreme but plausible scenarios, SGX will have sufficient cash resources and credit lines for the markets to continue to operate. This year, new collateral rules were implemented to further preserve SGX's minimum cash to mitigate liquidity risks.

Additionally, SGX actively manages counterparty risk exposure to commercial banks by using only financially strong banks and limiting the amount of exposure to each bank.

Risk Management

Risk Description for SGX	What Are We Doing About It?
<p>3 Operational Risks</p> <p>Operational resilience is paramount to our business success As a financial market infrastructure, operational resilience is key to our business as well as its continued success. SGX is fully committed to operational resilience against technology risks, cyber risks, data risks, risks from outsourcing and risks to business continuity.</p> <p>Technology SGX is heavily reliant on technology. We are committed to ensuring that our trading, clearing and depository systems adhere to high standards of latency, volume capacity and service availability. Any service interruption could lead to reputational risk and potential loss of revenue.</p> <p>Increasing threat of cyber-attacks Singapore is a target for cyber criminals, with increasing cyber-attacks experienced by various organisations. Similar to other financial institutions, SGX has experienced a rise in such activities compared to previous years.</p> <p>Data protection As a financial market infrastructure, SGX holds market, client and customer data. We view protecting the confidentiality and integrity of this data seriously.</p> <p>Outsourcing risks SGX utilises vendors for services in various areas. This exposes SGX to risks arising from failure of a service provider in providing the service, breaches in security, or the institution's inability to comply with legal and regulatory requirements.</p>	<p>SGX has a thorough process for self-assessment of our capabilities, using both our own past experiences and those of our global peers to drive continuous improvements for greater operational resiliency.</p> <p>SGX has maintained high standards in service availability by embedding a culture of disciplined readiness. We leverage advanced machine-learning capabilities to predict and pre-empt system failures, and ensure all systems and processes are resilient by design.</p> <p>While COVID-19 disrupted businesses across markets, the technology team delivered on their overall work plan and maintained operational resiliency by enabling 90% of SGX units to move effectively into the virtual workplace, with no degradation of business-as-usual service levels.</p> <p>SGX is vigilant in monitoring the cyber threat environment to ensure that cyber risks are managed and the regulatory requirements are met. We continually strengthen our defences and have also focused our efforts on recovery and response.</p> <p>Our new security analytics capabilities through machine-learning systems allow for wide coverage of all anomalous system and user behaviours within the SGX network, enabling early detection and prompt response to cybersecurity events.</p> <p>SGX has a data protection regime to help safeguard market, client and customer data. This includes policies and processes around data protection and treatment, in areas such as data encryption, segregation of duties and roles for data management.</p> <p>SGX has a robust outsourcing framework which governs the evaluation of risks, due diligence assessments, on-going monitoring and management of vendors. The framework is in keeping with the Monetary Authority of Singapore (MAS) Outsourcing Guidelines, and ensures that there is adequate governance over our outsourced vendors.</p>

Risk Description for SGX

What Are We Doing About It?

3 Operational Risks (con't)

Business continuity

SGX's business continuity can be impacted by technology, financial, physical security and pandemic disruptions.

As a market operator, operational resilience of our infrastructure is critical in ensuring business continuity. SGX regularly reviews the business impact analysis of the various services we provide. We also run various business continuity exercises addressing technology, financial, physical security and pandemic scenarios to test our level of preparedness and ability to recover and respond in a timely manner.

The handling of the COVID-19 pandemic is testimony to our commitment to business continuity and operational resilience. Through the crisis, we were able to operate effectively and fulfil our obligations to market participants. Steps were also taken to safeguard the health and safety of our staff and the protection of the work environment. We will continue to monitor ongoing developments and adapt accordingly, including planning ahead as part of the new normal.

4 Regulatory Risks and Reputational Risks

Risk of not maintaining the highest regulatory standards

As a frontline regulator of SGX's markets, Singapore Exchange Regulation (SGX RegCo) has to maintain high standards of supervision and ensure adherence to regulation.

A loss of confidence in the quality of our markets could have serious impact on SGX's competitiveness.

SGX RegCo strives to ensure a fair, orderly, transparent and efficient marketplace by imposing high regulatory standards in the oversight of listed companies and member firms.

SGX RegCo admission and listing requirements are continuously refreshed to remain relevant to market needs, benchmarked to be comparable with established jurisdiction standards and adapted to address risks arising from changes in the business landscape and global environment.

Our market surveillance system is well-equipped to detect trading irregularities. Where appropriate, SGX RegCo issues detailed and targeted "Trade with Caution" alerts to investors.

In operating a disclosure-based regime, SGX RegCo recognises the importance of providing transparency to market participants, as it is key to maintaining trust in our markets. As such, SGX RegCo seeks to provide a high level of transparency regarding its regulatory philosophy and actions through various means including Regulators' Columns, public consultations and stakeholder engagement events. Where necessary, SGX RegCo will diligently exercise its administrative powers for listed companies and product issuers to address major disclosure failings. SGX RegCo similarly expects market participants and professionals to maintain high standards and transparency in their actions, as this promotes a well-educated and informed market.

5 Market Risks

Low market risk

As a financial market infrastructure, SGX follows strict regulatory requirements in managing its resources and maintaining capital adequacy. The company maintains a strong balance sheet. Our assets are primarily cash resources with minimal investments in marketable securities.

Under our investment framework, our monies are prudently placed as term deposits across multiple commercial banks in Singapore. This ensures SGX's resources are liquid and of the highest quality. A small amount is invested in a fund comprising marketable securities.

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Creating Sustainable Value

Board Statement

The Board is committed towards building a sustainable business at SGX. To us, sustainability is about ensuring long-term value for our stakeholders and creating a positive, lasting impact on society. This sustainability report aims to help stakeholders better understand our approach to building a sustainable business.

SGX is Asia's leading and trusted market infrastructure. We operate at the highest international regulatory standards, adopt sustainable business practices and advocate sustainability reporting by SGX-listed companies. We believe this will further earn trust and confidence from our stakeholders.

The SGX Board, supported by the Executive Management Committee (EMCO), considers sustainability issues in its strategy, determines the Environmental, Social and Governance (ESG) material factors and oversees the management of these factors.

We actively participate in developing and promoting sustainability practices in our markets as a partner exchange of the United Nations Sustainable Stock Exchange (UN SSE) initiative, a member of the World Federation of Exchanges (WFE) sustainability working group and as a signatory to the UN Global Compact.

The success of our business hinges on the development and effective deployment of our Financial, Human, Intellectual and Social Capital. Our focus and achievements during the year include:

- Safeguarding our financial ecosystem with the introduction of initiatives to reduce the impact of the COVID-19 pandemic on our stakeholders, including staff, issuers, investors and market participants;
- Enhancing the operational resiliency of our technology infrastructure and processes to ensure sustained market continuity;
- Engaging regularly with stakeholders to prioritise and address material commercial and regulatory issues;

- Winning our first Asia's Best Sustainability Report award at the 5th Asia Sustainability Reporting Awards 2020; and
- Achieving our objective of using 100% renewable electricity in our offices. This was done through the purchase of Renewable Energy Certificates (RECs) to offset our electricity consumption for the year, which lent support to Singapore's efforts in advancing the growth and adoption of solar energy.

SGX will continue to advocate transparency and accountability in delivering our identified targets. These continue to be the fundamental aspects required to build trust with our stakeholders.

Report at a Glance

This report summarises our approach towards sustainability and our progress to date, with a focus on addressing SGX's material ESG issues.

Our ESG Risks and Opportunities

Where we have assessed the impact of our ESG risks and opportunities to be material, we have addressed them below:

Risks



Human Resource Risks

People are our key asset. Talent attraction and retention are crucial in Singapore's highly competitive financial market. Our talent and retention strategy ensures SGX remains an attractive place to work.

Amid the COVID-19 pandemic, we ensured that the workplace continues to be a safe environment for staff. We implemented numerous measures to prevent the potential spread of the virus, and enabled staff to work from home.



Technology Risks

Ensuring that we provide reliable technological platforms is critical to business continuity. Any technology-related disruption will not only cripple our operations, but may also sustain a wider negative social impact, particularly to the investment community. To address this, we continuously review and enhance our recovery capabilities, processes and procedures to manage any crisis. In today's digital society, the risk of disruptions due to cyber-attacks is a reality. SGX is committed to putting in place safeguards to predict and prevent cyber-attacks on our platforms.



Climate Change Risks

As a small island state, Singapore is vulnerable to rising sea levels and other features of climate change. Although SGX's environmental footprint is small, we manage it prudently, guided by our Environmental Policy.

In the short term, we will monitor, manage and offset our electricity usage, and keep abreast of developments in climate change and environmental issues. We will also assist listed companies by guiding them on their ESG reporting efforts.

In the longer term, our product development strategy will consider the establishment of climate-related products and services.

Scope

The report covers the performance of our consolidated entities from 1 July 2019 to 30 June 2020 (FY2020). We have included the historical data for FY2018 and FY2019 for comparison, where available. There has not been any restatement of figures for data disclosed in previous years.

Approach to Sustainability

Similar to the last three financial years, we have elected to produce our FY2020 report in accordance with Global Reporting Initiative (GRI) Standards (2016) – “Core”. We have chosen the GRI Standards due to its longstanding universal application and robust guidance, which allows for comparability of our performance against peers. This report is also prepared in accordance with SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting. We welcome feedback on this report and any aspect of our sustainability performance. Comments or feedback can be sent to sustainability@sgx.com.

Sustainable Pillars

Sustainability remains core to the long-term viability of our organisation. We have identified four material factors that are important to the sustainability of our organisation. They are Economic Performance, Socioeconomic Impacts, Governance and People. Our business practices, developed with these material factors as a foundation, will enable us to deliver long-term value to our stakeholders. At the same time, we remain vigilant in mitigating the risks that may come with changes in our external environment.

At SGX, sustainability is integrated into our business strategy through the efficient allocation and deployment of our Financial, Human, Intellectual and Social Capital. By recognising and addressing the risks and opportunities that arise from changes in global economic, regulatory, competitive and technological trends, we are able to continually generate business value for SGX and our stakeholders. An elaboration of these risks and opportunities can be found on pages 32 to 33 and pages 36 to 41.

SGX is a component of the following ESG indices:

- ⇒ Bloomberg ESG Data Index
- ⇒ Bloomberg Gender-Diversity Index
- ⇒ MSCI World ESG Leaders Index
- ⇒ FTSE4Good Index
- ⇒ iSTOXX Global ESG Select 100 Index
- ⇒ iEdge SG ESG Leaders Index

Additionally, we leverage our stakeholder engagements and materiality assessment processes to identify sustainability risks and opportunities. We also ensure that material ESG risks are considered in the context of SGX’s overall risk environment, and undergo a structured process of management and monitoring them. More information on our risk management framework can be found in our Risk Management Report on pages 36 to 39.

Opportunities



Sustainability-related Products & Services

Non-financial risks and governance are becoming increasingly important among investors. This represents an opportunity for us. Our iEdge Sustainability Indices, which comprise liquid SGX-listed stocks screened in accordance with ESG criteria, provide a transparent way for investors to assess the sustainability practices of our listed companies. SGX also provides a platform for the listing of green, social and sustainability bonds.



Diversity of Our Workforce

The gender, age, ethnicity and national diversity of our workforce are part and parcel of our corporate culture and business, which embraces varied and unique perspectives. In this way, our workforce diversity represents an opportunity for us to lead by example. SGX is one of five Singapore companies in the Bloomberg Gender Equality Index, recognising the diversity of our workforce.



Sustainability Culture

Compliance with sustainability practices creates opportunities for us to build a corporate culture of transparency, and develop a sustainability mindset in executing our strategic priorities. If effectively applied, this will build trust with our stakeholders. Sustainable thinking also creates opportunities for the digitalisation of processes to increase productivity, foster the development of new customer services and minimise traditional paper-intensive practices.

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Creating Sustainable Value

Stakeholder Engagement

At SGX, we recognise that stakeholder engagement is important in helping us make informed commercial and policy decisions. Our role as a front-line regulator further reinforces this importance as the implementation of our policy decisions may have significant influence on shaping the Singapore capital markets. We engage our key stakeholders through various platforms and channels, and their feedback is carefully considered to ensure decisions contribute to the overall good of our stakeholders.

The table below summarises our approach to stakeholder engagement:

Key Stakeholders	Engagement Methods	Interests and Concerns
Employees	Town halls, focus group discussions, employee surveys, workshops, trainings and seminars, corporate events and the Connects intranet platform.	<ul style="list-style-type: none"> ▪ Opportunities for career growth and development ▪ Employee engagement, wellness, safety and work environment ▪ Updates on organisational strategy, plans and performance
Regulators and Government	Dialogue, feedback sessions and jointly organised events.	<ul style="list-style-type: none"> ▪ Market structure developments ▪ Corporate governance ▪ Regulatory policies and practices
Issuers	Dialogue, workshops, promotional roadshows and seminars.	<ul style="list-style-type: none"> ▪ Listing policies and practices ▪ Growing liquidity and market capitalisation ▪ Access to investors
Intermediaries	Dialogue, feedback sessions, training and jointly organised exercises and events.	<ul style="list-style-type: none"> ▪ Infrastructure developments and business continuity planning ▪ Regulatory policies and practices ▪ Distribution of products and services
Investment community	Investor perception study, retail investor education and advocacy programmes via the SGX Academy and non-deal investor roadshows.	<ul style="list-style-type: none"> ▪ Retail investor financial literacy and investment education ▪ Organisational financial performance and execution of strategy ▪ Increasing investment returns
Public and Communities	Public consultations, seminars and programmes, scholarship and internship programmes, fundraising and corporate activities.	<ul style="list-style-type: none"> ▪ Market structure developments and corporate governance policies ▪ Academic learning opportunities ▪ Corporate social responsibility activities

Annual Institutional Investor Perception Study

Since FY2015, SGX has engaged an independent third-party service provider to conduct a perception study to understand the investment community's sentiments on our strategy, management team, investment case, capital allocation, investor communications and corporate governance. In-depth interviews were conducted with past, current and potential shareholders, followed by a comprehensive analysis of the results.

Key findings from the investor perception survey were as follows:

Sentiments remain consistent in many areas for SGX as the company continues to be viewed as a trusted exchange focused on fostering a high-quality marketplace with strong governance. SGX's strategic focus on building a multi-asset exchange is well-supported, but opinion is split between those satisfied with the level of progress delivered and those eager to see more results. Regardless, SGX's drive for innovation and product development is regularly cited as a core strength, and many believe our product suite is a clear differentiator. Trust in SGX is further bolstered by transparent disclosures and proactive investor relations.

Respondents recognise that SGX is in a unique position to benefit from the recent volatility, and while the potential for continued market turbulence may help in the short term, there is an acceptance that such effects may be temporary and SGX's business will likely normalise over the longer term. Echoing previous years' findings, structural headwinds facing the Singapore market continue to weigh on sentiments, with respondents citing unfavorable dynamics in the Singaporean equity base with limited new listings, increased de-listings, and competitive threats in the Asia Pacific region.

Public Consultations

In FY2020, SGX held three public consultations to obtain feedback on possible amendments to our rules. Consultations ranged from enhancements to auction routines for the SGX-ST market, review of tools used to deal with market manipulation risk and enhancements to the regulatory regime for property valuation and auditors.

Regulatory Response to COVID-19

COVID-19 has caused disruption to many businesses, including SGX and our stakeholders. We proactively engaged our stakeholders, responded to their needs to maintain market confidence and helped the market deal with safe distancing and sudden and unexpected financial constraints.

SGX RegCo supported our listed issuers and members through the following regulatory initiatives to enable them to focus on dealing with the challenges posed by COVID-19:

- As safe distancing measures were implemented making commuting difficult, SGX RegCo announced time extensions for companies to announce their annual financial

results and to hold their annual general meetings. This recognised the difficulties that market professionals faced in carrying out their year-end audits, and in holding meetings for large groups of people.

- As the measures were elevated, we sought to balance the rights of shareholders with the need for companies to continue with their business. We also worked with statutory authorities to issue guidance to the market on the conduct of virtual meetings. We released a Regulator’s Column to provide listed companies with detailed guidance on how to ensure that timely and specific disclosures on the impact of COVID-19 were communicated to shareholders.
- SGX RegCo stepped up our outreach to brokers and members, to ensure market orderliness and operational resilience. We increased our monitoring of member firms to ensure that they were financially sound, and stress-tested their financial positions. We also alerted members to potential operational risks and sent out communications to remind them to monitor certain risk areas. In addition, SGX RegCo

assessed retail members’ business continuity planning (BCP) arrangements in a benchmarking exercise and communicated our expectations of members’ BCP arrangements through training.

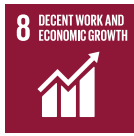

- To facilitate fundraising by listed issuers during this period, we raised the share issue mandate thresholds for Mainboard companies from 50% to 100%. This supported companies that needed to recapitalise urgently.
- SGX RegCo also responded to tightened social distancing measures by allowing electronic submissions of listing applications in lieu of hard copy documents. For existing listed issuers, we introduced virtual lodgment and registration of Catalist offer documents in lieu of physical lodgment on Catalodge.
- Looking ahead, SGX RegCo has commenced a review of the Listing Rules to ensure they can facilitate restructuring and potential bond defaults. We are also considering changes to the listing admission requirements under our Listing Rules to factor in the impact of COVID-19 on applicants’ recent financial performance.

Materiality Assessment

Our materiality definition is guided by the GRI Standards (2016). Material sustainability factors are defined as those that:

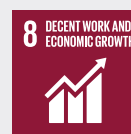
- 1 Reflect the reporting organisation’s significant economic, environmental, and social impacts; or
- 2 Substantively influence the assessments and decisions of stakeholders; and
- 3 Align to specific UN Sustainable Development Goals (SDGs).

For FY2020, our material factors remain the same as the previous reporting period:

Material Factors	GRI Disclosures	Reference	Relevant UN SDG Targets
Economic Performance Our financial performance, economic value creation, distribution and retention for shareholders	<ul style="list-style-type: none"> Economic performance 	<ul style="list-style-type: none"> Financial Statements, pages 94 to 217 	<ul style="list-style-type: none"> 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors 
Socioeconomic Impacts Our external impacts through our role as a market operator and regulator	<ul style="list-style-type: none"> Indirect economic performance 	<ul style="list-style-type: none"> Socioeconomic Impacts, Sustainability Report, pages 45 to 46 	<ul style="list-style-type: none"> 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all 

Creating Sustainable Value

Material Factors	GRI Disclosures	Reference	Relevant UN SDG Targets
<p>Governance Our governance structure, ethics and integrity, anti-corruption and compliance policies</p>	<ul style="list-style-type: none"> Anti-corruption Socioeconomic compliance 	<ul style="list-style-type: none"> Governance, Sustainability Report, page 47; Corporate Governance Report, pages 52 to 81; Self-Regulatory Organisation Governance Report, pages 82 to 86; and Sustainability Website – Anti-corruption, Gifts and Entertainment Policy Statement 	<ul style="list-style-type: none"> 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard 16.6 Develop effective, accountable and transparent institutions at all levels
<p>People Our talent management and responsible employment practices</p>	<ul style="list-style-type: none"> Employment Labour relations Training and education Diversity and equal opportunity Non-discrimination 	<ul style="list-style-type: none"> People, Sustainability Report, pages 48 to 49; and Sustainability Website – Employee Recruitment Statement 	<ul style="list-style-type: none"> 5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
Non-Material Factors	GRI Disclosures	Reference	Relevant UN SDG Targets
<p>Environment Our role in mitigating climate change</p>	<ul style="list-style-type: none"> Energy 	<ul style="list-style-type: none"> Environment, Sustainability Report, page 50; and Sustainability Website – Environmental Policy 	<ul style="list-style-type: none"> 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



Socioeconomic Impacts

SGX contributes to the development of Singapore's financial market by providing a platform for issuers to raise capital whilst enabling investors to participate in Asia's economic growth and manage their Asian portfolio risks. As a front-line regulator, we ensure that issuers meet their ongoing obligations to investors, and participation in our markets is carried out in a fair, orderly and transparent manner. SGX is also a provider of connectivity solutions and is a trusted and secure counterparty for trade settlement.

SGX has identified two other areas that impact the broad socioeconomic environment. They are:

- Stakeholders' Education: Initiatives within the realms of investor education; and
- Operational Resilience: Resiliency of our trading and clearing infrastructure, and our recovery processes.

Stakeholders' Education

The SGX Academy oversees education and training efforts for investors and traders. Programmes have been specially designed to educate, engage and enable our stakeholders to make informed and responsible investment decisions. In FY2020, around 300 educational events were conducted and attended by over 55,000 investors of different age groups and investment aptitudes through face-to-face seminars, training courses and online programmes to aid them in their investment decisions. Through our interaction with stakeholders, the SGX Academy is able to contribute to SGX's overall responsiveness to market needs.

SGX Academy set up an Invest Pavilion with the overarching theme "Broaden Your Investment Horizon with SGX" at INVEST Fair 2019. Held at Suntec Convention Centre on 17 August 2019 and attended by more than 5,000 visitors, SGX delivered educational talks and panel discussions at the Pavilion. Others included the Supplemental Retirement Scheme (SRS) education campaign conducted in December

2019 and the Regular Shares Savings Plan (RSSP) campaign launched in January 2020. The former aims to help Singaporeans step up in their retirement planning efforts through SRS and is themed "Plan and invest your SRS funds to secure your dream retirement". Easy-to-understand information and illustrations about the SRS were curated by SGX at sgxacademy.com/SRS. The RSSP campaign on the other hand targeted the younger investor base to encourage them to make small but regular investments via a disciplined and diversified approach through exchange-traded funds. Regular RSSP events are being conducted and the contents can be found at sgxacademy.com/RSSP. For both of these education campaigns, prominent social media influencers were used to propagate investment content to benefit a larger base of investors.

SGX has been a regular contributor to the World Investors Week Singapore (WIW), an initiative led by International Organisation of Securities Commissions (IOSCO) as a coordinated campaign by securities regulators to raise public awareness about the importance of investor education. SGX Academy provides the education hosting platform for members of the public to take part in WIW forums. WIW 2019 was successfully held in October 2019 with an attendance of around 2,000 investors. SGX Academy also worked closely with Temasek Holdings to hold the inaugural Fixed Income Conference (FIC) at Suntec Convention Centre on 24 August 2019 for 1,300 participants.

Adapting to the COVID-19 situation, SGX Academy brought all investor education activities online and has conducted over 30 webinars a month since February 2020 with an average of 200 participants per session. Twice-monthly educational webcasts were also launched on Facebook Live in March 2020, with around 5,000 viewers per session. Our education contents were also adjusted to include topics that were more relevant to the uncertain and volatile market conditions. To further support the

investing public with timely market and research content on a daily basis, we launched SGXInvest – our Telegram channel in April 2020 which now has 11,000 subscribers.

Operational Resilience

As a market operator, operational resilience of our infrastructure is critical in ensuring business continuity. In FY2020, despite the uncertainties and disruptions brought about by the COVID-19 pandemic, SGX has demonstrated resolve to minimise any impact to market operations as well as taken steps to safeguard the safety and health of our staff and the protection of the work environment. These included initiatives such as:

- 1 Activating our business continuity plans for split operations and staff rotation, maintaining a high level of work-from-home presence, and implementing staggered working hours for staff required to work from office. All these were achieved with a variety of IT tools and infrastructure that enabled staff to work remotely without impact to operations.
- 2 Implementing health and safety measures to protect the work environment, such as social distancing, regular deep cleaning and sanitising of the office, application of anti-microbial coating, deployment of thermal scanners and the issuance of personal protective equipment such as masks, hand sanitisers and disinfectant wipes.

In FY2020, SGX conducted simulation exercises covering technology resilience, physical security, cyber readiness and member default. Specific to the pandemic, SGX has tested different scenarios such as the ability to run with limited availability of on-site operations, and the ability for some critical units to work 100% from home. SGX will continue to monitor ongoing developments and adapt accordingly, including planning ahead as part of the new normal.

Creating Sustainable Value

Targets and Performance Scoreboard

Socioeconomic Targets for FY2020

Target	Our Performance / Initiatives
Stakeholder Education Number of retail investor participation at educational or developmental programmes	✓ We reached out to over 55,000 retail investors through face-to-face seminars and workshops, webinars and webcasts.
Operational Resilience Number of business continuity and IT disaster recovery exercises conducted	✓ We conducted 23 business continuity and IT disaster recovery exercises in FY2020 of which three exercises involved industry participants.
Effective Regulation Engaging in activities and new initiatives with our market community to: <ul style="list-style-type: none"> ▪ Increase stakeholder trust and confidence in our markets; and ▪ Improve regulatory communications and stakeholder engagement. 	✓ <ul style="list-style-type: none"> ▪ In October 2019, we entered into a memorandum of understanding (MOU) with the Singapore Institute of Surveyors and Valuers (SISV), for us to make referrals to, receive expert advice and collaborate on real estate and land valuation issues with SISV. The collaboration is intended to raise the standards of the valuation profession, as well as the quality of valuations of real estate and land. ▪ In November 2019, we launched our 2019 list of SGX Fast Track companies, with 95 companies qualifying for prioritised response on selected corporate action submissions to SGX RegCo. The SGX Fast Track programme aims to recognise and encourage companies to have high corporate governance standards and maintain a good compliance track record. Selection is based on internal and external criteria focused on corporate governance standards, compliance track record and the quality of the company’s submissions. ▪ In November 2019, we conducted our annual Catalyst Sponsor’s Dialogue session and communicated our expectations and stance on timeliness and contents of disclosures by some of the sponsored-issuers; the level of due diligence and enquiries to be performed by Catalyst sponsors when reviewing announcements and corporate actions of their sponsored issuers; and Mainboard companies seeking to transfer to Catalyst. ▪ We collaborated with the Centre for Governance, Institutions and Organisations (CGIO) at the National University of Singapore Business School to conduct a joint review on the sustainability reports of SGX-listed companies. The results of the review were released in December 2019, and included recommendations for listed companies to achieve higher reporting quality and improve their ESG disclosures.
Effective Risk Management Observance of all relevant Principles for Financial Market Infrastructures (PFMI)	✓ <ul style="list-style-type: none"> ▪ Our two clearing houses, the Central Depository (CDP) and SGX Derivatives Clearing (SGX-DC), observed all the relevant Principles for Financial Market Infrastructures (PFMI). To comply with further guidance on the PFMI, we have completed enhancing our credit stress testing framework for both clearing houses, and are in the process of enhancing our liquidity stress testing framework.

Socioeconomic Targets for FY2021

Target	Our Performance / Initiatives
Stakeholder Education	<ul style="list-style-type: none"> ▪ Conduct three large scale public investor education events either virtually or in physical locations ▪ Conduct at least 250 investor education seminars and courses either virtually or in physical locations
Operational Resilience	<ul style="list-style-type: none"> ▪ Number of business continuity and IT disaster recovery exercises conducted
Effective Regulation	Engaging in activities and new initiatives with our market community to: <ul style="list-style-type: none"> ▪ Increase stakeholder trust and confidence in our markets; and ▪ Improve regulatory communications and stakeholder engagement.
Effective Risk Management and Transparency of Risk Policies	<ul style="list-style-type: none"> ▪ Observance of all relevant PFMI and providing quarterly Public Quantitative Disclosures (PQDs)

Governance

SGX prides itself as being a leader in corporate governance so as to cultivate trust and confidence in our markets and in the services we provide. We therefore set high standards of corporate governance and business ethics for companies listed on our exchange to support the building of an enduring and sustainable marketplace.

At SGX, we lead by example and adhere to the highest standards of corporate governance practices as guided by the Code of Corporate Governance. Further information can be found in our Corporate Governance Report and our Self-Regulatory Organisation (SRO) Governance Report

Sustainability Governance

The Executive Management Committee (EMCO) oversees sustainability at SGX. The EMCO is chaired by the Chief Executive Officer and comprises senior leadership across the organisation. It is therefore well-placed to guide the development and execution of an integrated

business and sustainability strategy. The EMCO approves sustainability strategies and reviews sustainability performance. It also reviews and evaluates SGX's sustainability approach, management policies and practices, sets targets and measures performance against the targets.

Code of Conduct and Ethics Policy

At SGX, we advocate the highest level of conduct and ethical standards to maintain high standards of governance. The SGX Conduct and Ethics Policy, the Staff Dealing Policy, the Regulatory Conflicts Handbook and the Regulatory Conflicts Code and Information Barrier Policy are essential in guiding the behaviour of our employees. All employees are required to undergo rigorous training to familiarise themselves with these policies which provide guidance on appropriate conduct for common ethical issues, such as conflicts of interest, bribery and corruption, confidential information and insider trading, among others. We also educate all our employees on our Whistle-blowing Policy, to facilitate the reporting of suspected



and actual cases of improper, unethical or fraudulent conduct. The Whistle-blowing Policy, including the related reporting and communication channels, is publicly available on our website. The Board and EMCO take a firm stance on the ethics and integrity of SGX employees and a serious view on non-compliance. In line with internal policies, all employees have to undergo regular compliance training, including mandatory annual e-learning.

In FY2020, 44 whistle-blowing cases were filed through our whistle-blowing channel. There were 37 cases concerning companies listed on SGX and broker firms. These cases were referred to SGX RegCo for review. A further 7 cases relating to CDP accounts were referred to Customer Service for review. There were no whistle-blowing reports concerning SGX's own controls.

There were no cases of bribery, corruption, anti-competitive behavior, or other material non-compliance with the law during the year. We continue to uphold the highest standards of corporate governance with respect to our stringent governance framework.

Targets and Performance Scoreboard

Governance Targets for FY2020

Target	Our Performance / Initiatives
Disclosure on the number of incidents of corruption and actions taken	 <ul style="list-style-type: none"> There were no incidents of corruption and actions taken in FY2020.
Disclosure on the number of material non-compliance with laws and regulations in the social and economic area	 <ul style="list-style-type: none"> There was no material non-compliance with laws and regulation in the social and economic areas in FY2020.

Governance Targets for FY2021

Target
Disclosure on the number of incidents of corruption and actions taken
Disclosure on the number of material non-compliance with laws and regulations in the social and economic area

Creating Sustainable Value

People

SGX recognises that our ability to remain commercially viable and competitive hinges on our continued success in attracting and retaining talent. At SGX, we care for our employees' growth and career development. We are committed to maintaining a positive workplace that values integrity, diversity, collaboration and communication whilst taking care of the well-being of our employees.

Talent Management and Retention

The Head of Human Resources oversees SGX's labour practices, talent strategy, human resource policies and processes, and takes care of the welfare and well-being of our 846 employees. In FY2020, there were 107 new hires and 90 resignations. As a specialised industry, we are keenly aware that the talent and expertise we need are not readily transferrable from the wider financial services industry. We have thus implemented measures to actively retain talent.

At SGX, we continually invest in a holistic talent strategy to build our internal capabilities and talent pool. Through regular employee engagement activities, SGX strives to foster employee commitment by improving employee benefits and overall welfare in the organisation. We support our employees in balancing their professional and personal responsibilities by introducing initiatives such as flexible working schemes for female employees after childbirth.

Nurturing Our Staff

A highly-skilled talent pool is essential to maintaining SGX's position as a leading securities and derivatives exchange. We rely heavily on the skills and capabilities of our employees to ensure the quality of our product and service offerings. At SGX, we subscribe to the policy of lifelong learning, to encourage our employees to further their potential, while equipping them

with skills and knowledge that go beyond the required expertise of their current roles.

We strive to cultivate a learning culture by providing structured programmes to support learning and development. To achieve this, we provide employees with a variety of training, professional memberships, continuing education schemes, as well as study leave, and internal job rotation opportunities. Our employees' professional learning and development is also supplemented by programmes that seek to nurture soft skills and other transferrable expertise. These holistic initiatives serve to develop highly-skilled and well-rounded employees who would be an asset to any organisation.

Given that SGX operates in a highly specialised industry, we maintain a line of sight for high potential internal candidates, proactively providing them with development opportunities to raise their level of readiness.

Leadership development is an area of focus where we continue to develop and enhance the capabilities of those in supervisory and management roles from first-level line managers to senior leaders, in partnerships with reputable and established best-in-class training programme providers.

We have enabled our employees to take greater ownership of their own learning agenda through the provision of market-leading digital learning platforms. This is aimed at providing easier accessibility to learning opportunities at employees' convenience.

In addition, we have continued to offer our SGX Growth Xcelerator series of brownbag learning sessions, aimed at inculcating a stronger learning culture within SGX and providing the platform for greater social learning and building communities of practice. The range of topics covered during these lunchtime talks include leadership, professional

development, digital competencies and employee well-being. In FY2020, we launched the Winning the Inner Game series, with the objective of helping our employees cope with COVID-19 by enhancing their mental and emotional resilience.

Diversity and Equal Opportunity

SGX embraces diversity within our workforce. We recognise that diversity in the workplace broadens the depth and breadth of our collective skills and perspectives. Cultivating a diverse and collaborative environment that drives innovation is thus a priority at SGX. We hire based on merit, and provide a competitive and fair compensation and benefits package with "equal pay for equal work", in accordance with our Non-discrimination Policy. This allows us to leverage our gender, age, and cultural diversity to drive growth and maximise SGX's potential. The talent strategy also emphasises equal opportunity in a non-discriminatory work environment. In terms of compensation, we have met our target of ensuring that the gender pay ratio is within a 10% range across all ranks in the organisation.

27% of our Board is represented by female directors, which contributes to the diversity of views and perspectives at senior levels. We have had zero reported incidents of discrimination at SGX.

Employee Well-being

In safeguarding our people amid COVID-19, we put in place measures for temperature monitoring and social distancing, while distributing masks and sanitisers to staff to help them adjust to the work arrangement. We also equipped our staff with work-from-home capabilities, and stepped-up our engagements with staff through regular virtual town halls. The town halls kept employees updated about corporate developments, and enabled us to obtain feedback on how to improve their work-from-home experience.

Targets and Performance Scoreboard:

People Targets for FY2020

Target	Our Performance / Initiatives
Implement programmes for upgrading employee skills and transition assistance programmes	<ul style="list-style-type: none"> ✓ We ran programmes that build up mental and emotional resilience in view of the COVID-19 situation, focusing on soft skills and mindset shifts that enable our employees to focus on positive areas of influence. ▪ We migrated many of our traditional classroom instructor-led programmes to virtual format in a bid to support our employees' continuous learning efforts. ▪ We curated a series of learning offerings through our digital learning platforms to provide more opportunities for our employees to continue learning while working from home. ▪ We worked on building in-house technical capabilities through the design and development of digital learning courses. ▪ We implemented innovation-benchmarking workshops for employees to create awareness of disruptive socioeconomic trends. ▪ We ran leadership development programmes for senior managers to build on our leadership capabilities. ▪ We implemented our enhanced Management Associate programme to build on our junior talent pipeline.
Achieve 35 training hours per employee per year	<ul style="list-style-type: none"> ✓ Employees engaged in an average of 47 hours of training during the year.

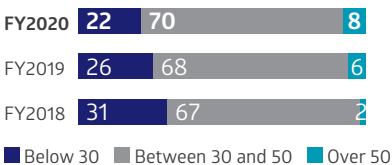
People Targets for FY2021

Target
Implement programmes for upgrading employee skills and transition assistance programmes
Achieve 35 training hours per employee per year

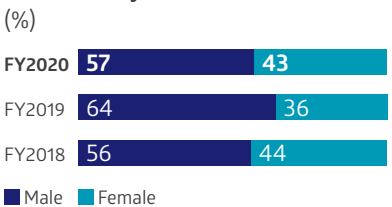
Inclusive Workforce

Employment

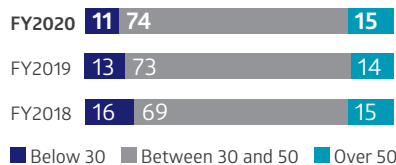
New Hires by Age (%)



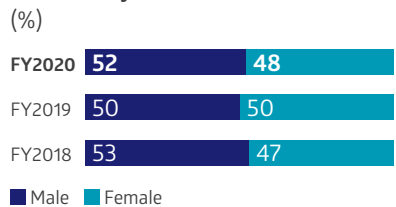
New Hires by Gender (%)



Attrition by Age (% years old)

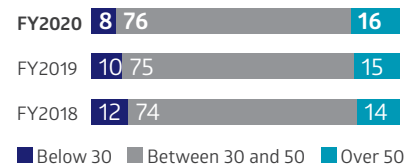


Attrition by Gender (%)

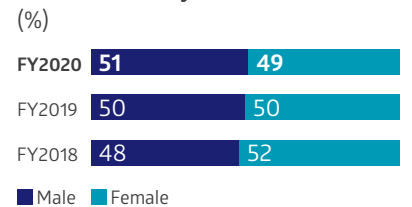


Diversity and Equal Opportunity

Age Diversity (% years old)



Gender Diversity (%)



Training and Education

Average training per employee (hours per year)



Creating Sustainable Value

Environment (non-material factor)

SGX is doing its part to minimise our environmental footprint. Since the formalisation of our Environmental Policy in FY2016, which encompasses the management of our direct and indirect impacts on energy consumption and other natural resources, SGX has continually undertaken initiatives to promote environmental responsibility and reduce our environmental footprint.

Operations

One initiative in FY2020 was the purchase of Renewable Energy Certificates (RECs) to offset our electricity consumption for the year in SGX offices. This lent support to Singapore's efforts in advancing the growth and adoption of solar energy. SGX also hosted the World Federation of Exchanges (WFE) 59th General Assembly in October 2019, attended by WFE members and stakeholders from all over the world. The event was carbon-neutral as emissions were offset with the procurement of carbon credits.

During the year, we remained committed to driving environmental

awareness among staff. For example, the Earth Hour movement was observed as part of our commitment to lower energy consumption. Employees were encouraged to adopt digital practices to conserve paper usage. Only 100% recyclable paper products are used at SGX. These products are sourced from certified suppliers who are committed to zero deforestation. To save the trees, digital copies of our annual reports are available on our website. For the first time in FY2020, since our listing in 2000, we have ceased providing the option for shareholders to request for physical copies of our annual and sustainability reports.

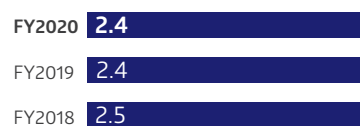
Infrastructure

As a market operator, our impact to the environment is an important consideration in the housing of technology systems. The SGX primary data centre was awarded the Standard 564 (SS564) certification for Green Data Centre – Energy & Environmental Management Systems. SS564 was developed to set a Singapore Standard for Green Data Centres. Our secondary data centre was awarded the Building and Construction Authority's Green Mark Platinum certification for excellence in

energy efficiency and environmentally sustainable building design.

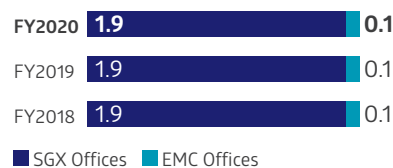
SGX will continue to measure our progress against targets, and drive improvements for environmentally friendly resource usage. In supporting the development of sustainable financing, SGX is an active participant of the Financial Centre Advisory Panel on Green Financing established by the Monetary Authority of Singapore.

Energy Intensity in Offices (MWh/employee)



Note: Energy consumption and intensity only reflect operations in Singapore (SGX and EMC).

Energy Consumption in Offices (GWh)



Targets and Performance Scoreboard

Environment Targets for FY2020

Target	Our Performance / Initiatives
Undertake further initiatives to promote environmental responsibility	<ul style="list-style-type: none"> Continue to encourage shareholders to opt for the use of electronic transmission of shareholder documents. Encourage employees to care for the environment through various initiatives. Use only 100% recyclable paper. Staff are discouraged from printing unless absolutely necessary. Implemented motion-activated light sensors to reduce electricity consumption in all meeting rooms. Lights will be turned off after two hours of inactivity.
Analyse and monitor energy usage	<ul style="list-style-type: none"> The electricity consumption at SGX offices remained unchanged from a year ago.

Environmental Targets for FY2021

Target
Undertake further initiatives to promote environmental responsibility
Analyse and monitor energy usage

Sustainability Development

SGX leverages on our strengths as a marketplace, bringing together investors, issuers and intermediaries to advance the sustainability of our financial system. In so doing, we promote the elements encapsulated by the WFE Sustainability Principles. We are pleased to be part of a founding consortium that has contributed towards the setting up of a new GRI Regional Hub in Singapore, which will generate valuable expertise for sustainability reporting and sustainable finance for the ASEAN region. In the coming year, we will be consulting the public on providing further guidance to climate-related disclosures, in line with the recommendations by the Task Force on Climate-Related Disclosures (TCFD).

Global Reporting Initiative (GRI) Standards (2016) – “Core” content index can be found at:
investorrelations.sgx.com/sustainability



Governance



Corporate Governance Report

Compliance with the Code of Corporate Governance 2018

Singapore Exchange (SGX) is fully committed to upholding the highest standards of corporate governance, business integrity and professionalism in all activities in the SGX Group.

Throughout the financial year ended 30 June 2020, SGX has complied with the provisions of the Code of Corporate Governance 2018 (CCG 2018), as well as the Securities and Futures (Corporate Governance of

Approved Exchanges, Approved Clearing Houses and Approved Holding Companies) Regulations 2005 (SFR 2005). This Corporate Governance Report sets out SGX's corporate governance practices with reference to the CCG 2018. A summary of the disclosures on our compliance with the CCG 2018 is set out on page 81.

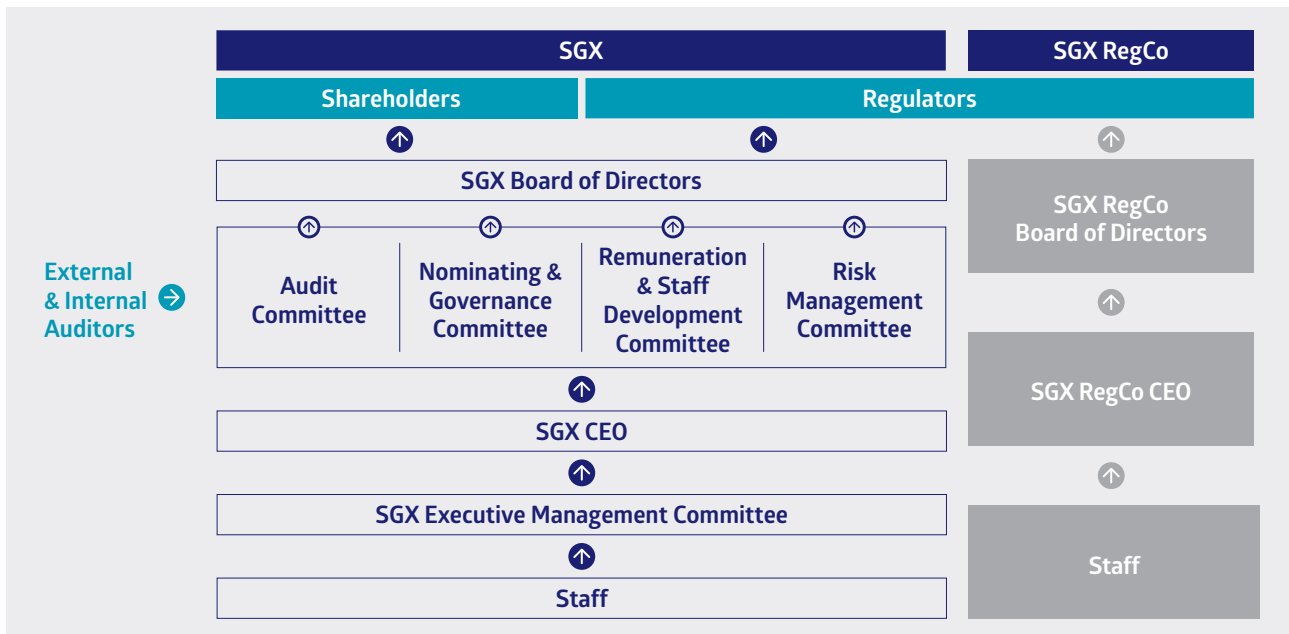
Self-Regulatory Organisation Governance

SGX RegCo was established by SGX as an independently governed

subsidiary to undertake all regulatory functions for SGX and its regulated subsidiaries. This move further enhances the governance of SGX as a self-regulatory organisation (SRO) by making more explicit the segregation of SGX's regulatory functions from its commercial and operating activities.

This Corporate Governance Report is to be read in conjunction with the SRO Governance Report, which sets out SGX's corporate governance as a SRO.

Corporate Governance Framework



Highlights



Awards & Accolades

- Ranked 4th in the Singapore Governance & Transparency Index 2019
- Regulation Asia Awards for Excellence 2019: Exchange of the Year
- Exchange of the Year in Energy Risk Asia Awards (3rd year)
- Named Exchange of the Year for Derivatives at FOW's Asia Capital Markets Awards
- Named "Derivatives Exchange of the Year" by Asia Risk Awards (6th year)
- Best FX Exchange and Clearing House in Asia by FX Week



Transparency

- Daily updates on SGX's website of volumes and values of securities and derivatives traded or cleared by SGX
- Monthly publications on volumes and values of key products traded
- Quarterly financial reports
- Quarterly briefings to analysts and media webcasts



Strong Risk Management

- Board-endorsed risk appetite statement, driving balanced approach to strategy development, within defined risk boundaries. Please refer to the section on "Risk Management Report" of this Annual Report.

Board Matters

The Board's Conduct of Affairs

Principle 1

Principal Duties of the Board

The Board oversees the conduct of the SGX Group's affairs, works with Management and is accountable to shareholders for the long-term performance and financial soundness of the SGX Group. In this regard, the Board supervises the achievements of Management's performance targets, which include (1) strategic and non-financial priorities, (2) earnings per share, and (3) a comparison of SGX's total shareholder return against selected peer exchanges and Straits Times Index companies. This aligns the interests of the Board and Management with that of the shareholders, whilst balancing the interest of all stakeholders. The Board sets the tone for the SGX Group in respect of ethics, values and desired organisational culture, and also ensures proper accountability within the SGX Group.

In addition to its statutory duties, the Board reserves the following key matters for its decision:

- the appointment of the SGX CEO and Directors, appointments on Board committees, Board succession, as well as appointments on the board of SGX RegCo;
- the appointment of key Management personnel and succession planning as an on-going process;
- approving broad policies, strategies and objectives. The SGX Board provides guidance and leadership to Management and ensures that adequate resources are available to meet its objectives;
- approving annual budgets, major funding proposals, investment and divestment proposals, material acquisition and disposal of assets, corporate or financial restructuring, and any investments or expenditures exceeding S\$15 million in total;

- the adequacy of internal controls, risk management, financial reporting and compliance;
- the assessment of Management performance;
- the assumption of corporate governance responsibilities;
- matters involving a conflict of interest for a substantial shareholder or a director;
- share issuances, interim dividends and other returns to shareholders; and
- matters which require the SGX Board's approval as specified under SGX's interested person transaction policy.

Independent Judgement

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of SGX. SGX adheres to the requirements under the CCG 2018 and SFR 2005. In determining the independence of its directors, please refer to "Board Independence" under Principle 2 in this Corporate Governance Report.

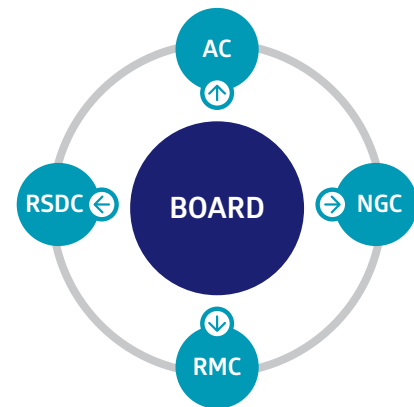
Unless specified otherwise, references to independence of directors are references to independence as defined under the CCG 2018 and SFR 2005.

Delegation by the Board

Board committees, namely the Audit Committee (AC), Nominating & Governance Committee (NGC), Remuneration & Staff Development Committee (RSDC) and Risk Management Committee (RMC), have been constituted to assist the Board in the discharge of specific responsibilities. Clear terms of reference (TOR) set out the duties, authority and accountabilities of each Board committee as well as qualifications for Board committee membership, in line with the CCG 2018 and SFR 2005, where applicable. The TORs are reviewed on a regular basis, along with the Board committee structures and membership, to ensure their continued relevance. The detailed

TORs of the Board committees are available on SGX's website.

Please refer to the Principles in this Corporate Governance Report, for further information on the activities of the NGC, RSDC, RMC and AC.



Key Features of Board Processes

The Board meets regularly and sets aside, time at each scheduled meeting to meet without the presence of Management. Board meetings may include presentations by senior executives and/or external advisers/consultants/experts on strategic issues, the developing business and regulatory landscape or risk management issues (including cybersecurity risk).

The schedule of all Board and Board committee meetings and the Annual General Meeting (AGM) for the next 3 calendar years is planned in advance, in consultation with the Board. The Board meets at least 4 times a year at regular intervals. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. Participation by telephone and video conference at Board and Board committee meetings is allowed under the SGX's Constitution. The Board and Board committees may also make decisions by way of circulating resolutions. There were 6 scheduled Board meetings in FY2020. Key matters discussed at these meetings included

Corporate Governance Report

financial performance, annual budget, corporate and risk strategy, business plans, regulation, significant operational matters, capital-related matters and organic and inorganic strategic opportunities. In the interest of allocating more time for the Board to deliberate on issues of a strategic nature, and to focus on particular themes for each Board meeting, submissions which are straightforward in content as well as those that are for information only, were compiled and circulated in between Board meetings. The Board held two strategy meetings, one ad-hoc Board meeting and also dedicated time at each quarterly Board meeting, to interact with senior management executives and have in-depth discussions on SGX's strategic direction. These strategy meetings in FY2020 were held in October 2019 and January 2020. Periodic information papers and Board briefings on the latest market developments and trends, and key business initiatives are also provided to the Board.

A record of the Directors' attendance at Board and Board committee meetings during the financial year ended 30 June 2020 is set out in the table under Principle 2.

Board Approval

SGX has documented internal guidelines for matters that require Board approval.

For expenditures of S\$15 million and below, SGX has internal guidelines which set out the authorisation limits granted to Management for approval of capital and operating expenditures, specified financial transactions and supplementary budgets.

While matters relating to SGX's objectives, strategies and policies require the Board's direction and approval, the Executive Management Committee (EMCO) comprising key

Management personnel and senior Management executives is responsible for overseeing the management of the SGX Group and implementing the Board-approved strategic policies.

Pursuant to the Directors' Conflicts of Interest Policy, Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict, with the interest of SGX Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interest at the meeting of the Directors or send a written notice to the Chairman and/or Company Secretaries, setting out the details of his/her interest and the conflict and recuse himself/herself from any discussions on the matter and abstain from participating in any Board decision.

Directors' Orientation and Training

Each new director will, upon his appointment, receive a manual containing Board and SGX policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving SGX, restrictions on dealings in SGX's securities and the disclosure of price-sensitive information.

SGX conducts a comprehensive orientation programme to familiarise new directors with its business and governance practices. The orientation programmes are conducted by the CEO and senior Management executives and provide directors an understanding of SGX's businesses, operations and regulatory environment, to enable them to assimilate into their new roles. The programmes also allow the new director to get acquainted with senior Management executives, thereby facilitating board interaction and independent access to senior Management executives.

During the financial year: –

- The external auditor, KPMG LLP, regularly briefs AC members on developments in accounting and governance standards.
- The CEO updates the Board at each meeting on business and strategic developments in the global exchange and clearing house industry.
- Management team members presented key topics to the Board. These included updates on business strategies and key industry developments and trends.
- The Board and senior Management executives had in-depth discussions on the strategic issues and direction of the SGX Group at the Board meetings and Strategy meetings.

Directors can request for further information on any aspect of SGX Group's operations or business from Management.

Access to Information Complete, Adequate and Timely Information

Management recognises that the flow of complete, adequate and timely information on an ongoing basis to the Board is essential to the Board's effective and efficient discharge of its duties. To allow Directors sufficient time to prepare for the meetings, all scheduled Board and Board committee papers are distributed to Directors not less than a week in advance of the meeting. This allows Directors to focus on questions or raise issues which they may have at the meetings. Any additional material or information requested by the Directors is promptly furnished. As part of its sustainability efforts, SGX has abolished the provision of hard copy Board and Board committee papers to Directors and, instead, Directors are provided with tablet devices to enable them to access and read Board and Board committee papers.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, expected outcomes, conclusions and recommendations. Any material variance between any projections and the actual results of budgets is disclosed and explained to the Board. Employees who can provide additional insight into matters to be discussed, will be present at the relevant time during the Board and Board committee meetings.

To facilitate direct and independent access to key management personnel and senior management, Directors are also provided with their names and contact details. Draft agendas for Board and Board committee meetings are circulated to the EMCO (including key management personnel) and Chairmen of the Board and Board committees, in advance, for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

For the AC and the RMC to liaise closely and have a clear understanding of each other's work and plan their work on the same risk framework, the finalised minutes of the respective committees are promptly circulated to the other committee. Arrangements are also in place for the AC and the RMC to share information on a regular basis, which includes having common directors on the AC and the RMC, and the Head, Internal Audit and Chief Risk Officer and Head of Legal, Compliance and Corporate Secretariat attending both the AC and the RMC meetings. These measures are in line with the recommendations of the Guidebook for Audit Committees in Singapore.

In order to keep Directors abreast of sell-side analysts' views on SGX Group's performance, the Board is updated annually on the market view

which includes a summary of analysts' feedback and recommendations following the full-year results. A monthly financial performance report is also provided to the Board. This report includes the financial and management accounts, accompanied by an analysis of SGX Group's performance and supporting data. It also contains operational metrics, audit findings, and a risk dashboard which provides an overview of SGX Group's key risks. These risks include clearing and settlement risks, regulatory and compliance risks, technology and operations service availability, and other strategic risks.

The quarterly and year-end financial statements are reviewed and recommended by the AC to the Board for approval.

Role of the Company Secretaries

Directors have separate and independent access to the Company Secretaries at all times. The Company Secretaries are responsible for, among other things, ensuring that Board procedures are observed and that SGX's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (SFA), Companies Act and Listing Manual, are complied with. The Company Secretaries also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretaries assist the Chairman to ensure good information flows within the Board and its Board committees and between Management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The Company Secretaries are responsible for designing and implementing a framework for Management's compliance with the

Listing Rules, including training and advising Management to ensure that material information is disclosed on a prompt basis. The Company Secretaries attend all Board meetings and assist to ensure coordination and liaison between the Board, the Board committees and Management. The Company Secretaries assist the Chairman, the Chairman of each Board committee and Management in the development of the agendas for the various Board and Board committee meetings.

The Company Secretaries are legally trained, with experience in legal matters and company secretarial practices. The appointment and the removal of the Company Secretaries are subject to the Board's approval.

Independent Professional Advice

Directors, either individually or as a group, in the furtherance of their duties, may take independent professional advice, if necessary, at SGX's expense.

Board Matters

Board Composition and Guidance

Principle 2

Board Independence

In FY2020, 8 out of 11 SGX directors are considered independent, based on the requirements under the CCG 2018 and the SFR 2005.

The Board, taking into account the views of the NGC, the nature and scope of SGX's businesses and the number of Board committees, considers that a board with a majority of members being independent is necessary.

Over the course of the year, the NGC assessed the independence of Board members in compliance with the requirements of the SFR 2005 and took into consideration the relevant provisions of the CCG 2018. With regard to Guideline 2.4 of the CCG 2012

Corporate Governance Report

(and Provision 2.1 of the CCG 2018) which requires that the independence of any director who has served on the Board beyond 9 years from the date of first appointment be subject to particularly rigorous review, the NGC decided that any independent director upon completing 9 consecutive years of service will thereafter be deemed a non-independent director, notwithstanding demonstrable independence of management, or business relationships with SGX or any substantial shareholder. The Board is in accord with the NGC's decision.

The Board, through the NGC, assessed the independence of each of the Directors in FY2020. Based on the declarations of independence provided by the Directors and taking into account the guidance in the CCG 2018 and SFR2005, Mr Thaddeus Beczak, Ms Lim Sok Hui (Mrs Chng) and Mr Loh Boon Chye were determined to be non-independent Directors. Mr Beczak is considered non-independent by virtue of having served beyond nine years on SGX Board. Ms Lim is considered non-independent by virtue of her employment as chief financial officer of DBS Bank Limited (DBS Ltd) and on account that DBS Ltd is a trading member of SGX-DC (OTCF) and DBS Vickers Securities (Singapore) Pte. Ltd. is a trading and clearing member of SGX-ST, CDP, SGX-DT and SGX-DC. As the SGX Chief Executive Officer, Mr Loh is considered non-independent by virtue of his employment by SGX. Mr Kwa Chong Seng, Dr Beh Swan Gin, Ms Chew Gek Khim, Ms Jane Diplock AO, Mr Lim Chin Hu, Mr Kevin Kwok, Mr Ng Wai King and Mr Subra Suresh are considered independent Directors. In line with the Directors' Conflicts of Interest Policy, each member of the NGC and the Board recused himself or herself from the NGC's and the Board's deliberations respectively on his or her own independence.

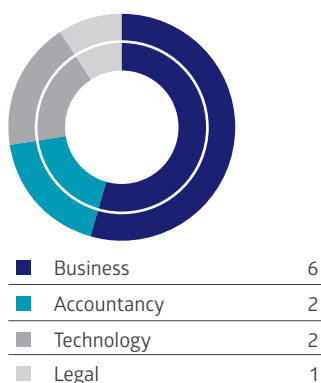
Board Diversity

SGX has in place a Board Diversity Policy, which endorses the principle that its Board should have a balance of skill, knowledge, experience and diversity of perspectives appropriate to SGX's business to promote the inclusion of different perspectives and ideas, mitigate against group think and ensure that SGX has the opportunity to benefit from all available talent.

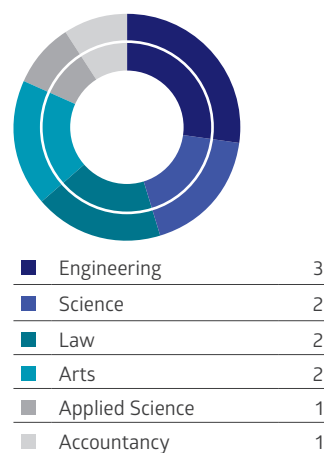
Each year, the NGC reviews the composition and size of the Board and each Board committee and takes into careful consideration a combination of factors when reviewing appointments to the Board and the continuation of those appointments. These factors include skills, core competencies, knowledge, professional experience, educational

background, gender, age and length of service. Core competencies, which are taken into account in the selection and appointment of Directors, include banking, finance, accounting, business acumen, management experience, exchange industry knowledge, technology expertise, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. The NGC also in its deliberations, takes into account gender and age diversity in relation to the composition of the Board. The Board, taking into account the views of the NGC, considers that its Directors meet the criteria under its Board Diversity Policy and possess the necessary competencies and knowledge to lead and govern SGX effectively. Details of the Board composition are as follows.

Directors' Area of Expertise

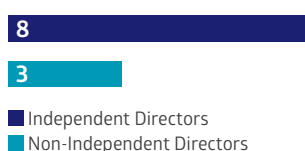


Directors' Educational Background



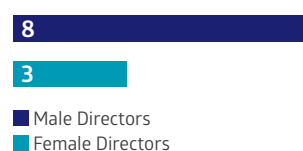
Board Independence

(as at 30 June 2020)



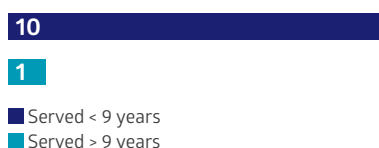
Board Gender Diversity

(as at 30 June 2020)



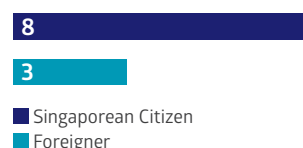
Directors' Length of Service

(as at 30 June 2020)



Director's Citizenship

(as at 30 June 2020)



Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

For this to happen, the Board, in particular its Non-Executive Directors (NEDs), must be kept well informed of SGX Group's businesses and be

knowledgeable about the exchange industry. To ensure that NEDs are well supported by accurate, complete and timely information, NEDs have unrestricted access to Management. NEDs also receive periodic information papers and Board briefings on the latest market developments and trends, and key business initiatives. Regular formal and/or informal meetings are held for Management to brief directors on prospective deals and potential developments in the early stages, before formal Board approval is sought. Board papers are provided to directors not less than a week in

advance of the meeting to afford the directors sufficient time to review the Board papers prior to the meeting. If a director is unable to attend a Board or Board committee meeting, the director may nevertheless provide his/her comments to the Chairman or relevant Board committee Chairman separately.

Meeting of Directors without Management

Where necessary, the NEDs meet without the presence of Management or executive Directors at each Board meeting.



Corporate Governance Report

Chairman

Mr Kwa Chong Seng

Key Objectives

Provides leadership to the Board and CEO ensures the effectiveness of the Board, Board Committees and individual Directors

Board

11 Members: 8 **I** 3 **NI**

Mr Loh Boon Chye (CEO)
Mr Thaddeus Beczak
Dr Beh Swan Gin

Ms Chew Gek Khim
Ms Jane Diplock AO
Mr Kevin Kwok
Mr Lim Chin Hu

Ms Lim Sok Hui (Mrs Chng)
Mr Ng Wai King
Mr Subra Suresh

Key Objectives

Oversees the conduct of SGX Group and accountable to shareholders for long-term performance and financial soundness of the Group

Audit Committee (AC)

3 Members: 3 **I**

Mr Kevin Kwok (Chairman)
Ms Jane Diplock AO
Mr Lim Chin Hu

Key Objectives

Assist the Board in discharging its statutory and other responsibilities relating to the integrity of the financial statements, monitoring of the system of internal controls and independence of the external auditor

Nominating & Governance Committee (NGC)

5 Members: 5 **I**

Mr Kwa Chong Seng (Chairman)
Ms Chew Gek Khim
Mr Kevin Kwok
Mr Lim Chin Hu
Mr Subra Suresh

Key Objectives

Responsible for SGX's corporate governance framework, Board's succession plan and reviewing relevant local and international developments in the area of corporate governance (including changes in applicable laws, regulations and listing rules)

Risk Management Committee (RMC)

6 Members: 4 **I** 2 **NI**

Ms Lim Sok Hui (Mrs Chng) (Chairman)
Mr Thaddeus Beczak
Dr Beh Swan Gin
Ms Jane Diplock AO
Mr Kevin Kwok
Mr Lim Chin Hu

Key Objectives

Reviewing and recommending to the Board the type and level of risk that SGX undertakes on an integrated basis to achieve its business strategy, and the appropriate framework and policies for managing risks that are consistent with SGX's risk appetite

Remuneration & Staff Development Committee (RSDC)

3 Members: 3 **I**

Mr Kwa Chong Seng (Chairman)
Ms Chew Gek Khim
Mr Ng Wai King

Key Objectives

Oversee the remuneration of the Board and key management personnel (EMCO members) including reviewing the remuneration of the CEO, set appropriate remuneration frameworks and policies, including long-term incentive schemes, to deliver annual and long-term performance of the SGX Group and to review the development and succession plan for EMCO members

Directors' Details	Directors' Independence Status					Directors' Meeting Attendance Report					
	Independence status under the CCG 2018	Independence status under the SFR 2005	Reg 3(1)(a) Independent from management relationship	Reg 3(1)(b) Independent from business relationship	Reg 4 Independent from substantial shareholder	AGM	Board	AC	NGC	RSDC	RMC
						No. of meetings held in FY2020					
Names						1	7	4	3	2	4
Mr Kwa Chong Seng I NE	Yes	Yes	Yes	Yes	Yes	1/1	7/7	4/4	3/3	2/2	3/4
Mr Loh Boon Chye ¹ NI E	No	No	No	Yes	Yes	1/1	7/7	4/4	3/3	2/2	4/4
Mr Thaddeus Beczak ² NI NE	No	Yes	Yes	Yes	Yes	1/1	7/7	-	-	-	4/4
Dr Beh Swan Gin ³ I NE	Yes	Yes	Yes	Yes	Yes	-	2/2	-	-	-	1/1
Ms Chew Gek Khim I NE	Yes	Yes	Yes	Yes	Yes	1/1	7/7	-	3/3	2/2	-
Ms Jane Diplock AO I NE	Yes	Yes	Yes	Yes	Yes	1/1	7/7	4/4	-	-	4/4
Mr Kevin Kwok I NE	Yes	Yes	Yes	Yes	Yes	1/1	7/7	4/4	3/3	-	4/4
Mr Liew Mun Leong ⁴ NI NE	No	Yes	Yes	Yes	Yes	0/1	1/1	1/1	1/1	1/1	-
Mr Lim Chin Hu I NE	Yes	Yes	Yes	Yes	Yes	1/1	7/7	3/3	3/3	-	4/4
Ms Lim Sok Hui (Mrs Chng) ⁵ NI NE	Yes	No	Yes	No ⁴	Yes	1/1	7/7	-	-	-	4/4
Mr Ng Wai King I NE	Yes	Yes	Yes	Yes	Yes	1/1	7/7	-	-	2/2	-
Mr Subra Suresh I NE	Yes	Yes	Yes	Yes	Yes	1/1	7/7	-	3/3	-	-
I Independent (I) NI Non-Independent (NI) E Executive (E) NE NE Non-Executive (NE)	Assessment of Independence of Individual Directors <ul style="list-style-type: none"> All references to Regulations are a reference to SFR 2005, which can be obtained from agc.gov.sg All references to Guidelines are references to the CCG 2018, which can be obtained from mas.gov.sg 					Chairman Member By Invitation					

¹ As CEO of SGX, Mr Loh Boon Chye is considered employed by SGX and deemed non-independent by virtue of Guideline 2.3(a) and Regulation 3(1)a.

² Mr Thaddeus Beczak is deemed non-independent, solely on account of having completed 9 consecutive years of service as of the relevant date during the year of report pursuant to the NGC's decision on Guideline 2.4 of the CCG 2012 (Provision 2.1 of the CCG 2018).

³ Dr Beh Swan Gin was appointed to the Board and RMC on 1 February 2020.

⁴ Mr Liew Mun Leong retired from SGX Board at the conclusion of the AGM on 3 October 2019

⁵ As chief financial officer of DBS Bank Limited (DBS Ltd) and on account that DBS Ltd is a trading member of SGX-DC (OTCF) and DBS Vickers Securities (Singapore) Pte Ltd is a trading and clearing member of SGX-ST, CDP, SGX-DT and SGX-DC, Ms Lim Sok Hui (Mrs Chng) is deemed non-independent by virtue of Regulation 3(3)(d).

Corporate Governance Report

Board Matters

Chairman and Chief Executive Officer

Principle 3

Separation of the Role of Chairman and the Chief Executive Officer (CEO)

The roles of Chairman of the Board and CEO are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not related. The division of responsibilities and functions between the two has been demarcated with the concurrence of the Board.

The Chairman provides leadership to the Board and CEO. He manages the business of the Board and monitors the translation of the Board's decisions and directions into executive action. He approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He promotes an open environment for debate, and ensures that NEDs are able to speak freely and contribute effectively. He exercises control over the quality and quantity of the information as well as the timeliness of the flow of information between the Board and Management. In addition, he provides close oversight, guidance, advice and leadership to the CEO and Management.

At AGMs and other shareholders' meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

The CEO manages and develops the businesses of SGX and implements the Board's decisions. He chairs the EMCO, which comprises senior management executives. EMCO meets regularly to oversee the management of the SGX Group and implement the Board's strategic policies.

Board interaction with, and independent access to Management is encouraged. EMCO members and key Management personnel are invited

to attend all Board meetings, and relevant Board committee meetings.

Given that the roles of the Chairman and CEO are separate and the Chairman is independent, no Lead Independent Director is required to be appointed.

Board Matters

Board Membership

Principle 4

Continuous Board Renewal

The Board, in conjunction with the NGC, reviews the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure that diversity of skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service as prescribed under the Board Diversity Policy is maintained within the Board and Board committees.

Based on the NGC's assessment of the independence of each individual director and his/her relevant expertise, and with the aim of ensuring compliance with the requirements of the CCG 2018 and SFR 2005, the Board reviews, and reconstitutes as appropriate, the membership of the Board committees.

The SGX Constitution, in compliance with the Listing Manual, provides that at each AGM, one-third of the directors, including the CEO who also serves on the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Effectively, this results in all directors having to retire at least once every 3 years or even earlier. Directors appointed by the Board during the financial year, to fill a casual vacancy or appointed as an additional director, may only hold office until the next AGM and thereafter be eligible for re-election by shareholders at the next AGM. Shareholders will be provided with relevant information on the candidates for election or re-election.

Retiring by rotation and Re-election at 2020 AGM

Messrs Kwa Chong Seng, Kevin Kwok, Lim Chin Hu and Thaddeus Beczak will be retiring by rotation under Article 97 of the SGX Constitution. Messrs Kwa, Kwok and Lim have respectively given their consent to stand for re-election at the AGM. Mr Kwa will, upon re-election, continue to serve as the Chairman of the Board as well as the Chairman of the Nominating & Governance Committee and Remuneration & Staff Development Committee. Ms Kwok will, upon re-election, continue to serve as the Chairman of the Audit Committee and a member of the Nominating & Governance Committee and Risk Management Committee. Mr Lim will, upon re-election, continue to serve as a member of the Audit Committee, Nominating & Governance Committee and Risk Management Committee. Mr Beczak has decided not to offer himself for re-election.

Dr Beh Swan Gin, who was appointed to the Board on 1 February 2020, will be retiring under Article 103 of the SGX Constitution. Dr Beh will, upon re-election, continue to serve as a member of the Risk Management Committee.

Appointment of New Director at 2020 AGM

Shareholders' approval is sought for the appointment of Mr Mark Makepeace as additional Director pursuant to Article 103 of the SGX Constitution.

The profiles of the Directors are set out under "Board of Directors" of this Annual Report, in addition, the Notice of AGM sets out information on the Directors proposed for appointment, re-election and re-appointment at the AGM. Detailed information on these Directors can be found in the "Supplemental Information" of this Annual Report.

NGC Composition

The NGC comprises 5 directors namely:



The NGC is responsible for SGX's corporate governance framework, the Board's succession plan and reviewing relevant local and international developments in the area of corporate governance (including changes in applicable laws, regulations and listing rules).

Nomination and Selection of Directors

SGX adopts a comprehensive and detailed process in the selection of new Directors. The NGC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of Directors and Board committee members, taking into account the Monetary Authority of Singapore's (MAS) fit and proper criteria for such appointments, the Director's independence status, his/her participation and contributions during and outside Board meetings, the factors prescribed under the Board Diversity Policy and other relevant factors as may be determined by the

NGC. Where the need to appoint a new Director arises, the NGC will review the composition and range of knowledge, expertise, skills and attributes of the Board and Board committees. The NGC identifies SGX's needs and prepares a shortlist of candidates with the appropriate profile for nomination before sourcing for candidates through an extensive network of contacts. Candidates are identified based on the needs of SGX and the relevant expertise required. After the NGC Chairman, the Chairman of the Board and the other NGC members have interviewed the candidates, the candidates are shortlisted for the NGC's formal consideration for appointment to the Board.

When reviewing a nomination for a proposed Board appointment, the NGC complies with SFR 2005 criteria as follows: –

- a determination of the candidate's independence;
- whether his/her appointment will result in non-compliance with any of the SFR 2005 composition requirements for the Board and its Board committees; and
- whether the candidate fulfils the fit and proper criteria under the MAS' fit and proper guidelines which include, honesty, integrity, reputation, competence and capability, and financial soundness.

All directors of SGX are approved by the MAS, based on its fit and proper criteria, before they are appointed by the Board or at the AGM (as the case may be).

Continuous Review of Directors' Independence

The NGC conducts an annual review of each director's independence in accordance with the SFR 2005 requirements and takes into consideration the relevant provisions in the CCG 2018. SGX has procedures in place to ensure

continuous monitoring of SGX directors' independence. The NGC has ascertained that save for Messrs Thaddeus Beczak, Lim Sok Hui and Loh Boon Chye, all Directors are considered independent according to these criteria. If at any time the MAS is not satisfied that a director is independent, notwithstanding any determination by the NGC, MAS may direct SGX to rectify the composition of the Board or Board committees (as the case may be).

SGX has in place a policy whereby Directors must consult both the Chairman of the Board and the NGC Chairman prior to accepting new director appointments. Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. This ensures Directors continually meet the stringent requirements of independence under the SFR 2005.

Directors' Time Commitments

The NGC assesses the effectiveness of the Board as a whole and takes into account each Director's contribution and devotion of time and attention to SGX. The NGC also assesses nominees identified for recommendation to the Board, on their individual credentials and their ability to devote appropriate time and attention to SGX.

The NGC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions as well as by taking into account each Director's listed company board directorships, and any other relevant time commitments. While having a numerical limit on the number of directorships may be considered by some other companies to be suitable for their circumstances, at present SGX considers the assessment as described above to be more effective for its purposes.

Corporate Governance Report

SGX also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

For now, the NGC believes that SGX's qualitative assessment and the existing practice, which requires each Director to confirm annually to the NGC his/her ability to devote sufficient time and attention to SGX's affairs, having regard to his/her other commitments, are effective.

SGX will continue to disclose each Director's listed company board directorships and principal commitments, which may be found in the 'Board of Directors' section in the Annual Report.

The Directors have attended all the Board and Board committee meetings in FY2020. The Board is satisfied that all Directors have discharged their duties adequately in FY2020. The Board also expects that the Directors (including any directors who are newly appointed) will continue to (or will) discharge their duties adequately in FY2020.

Alternate Directors

SGX has no alternate directors on its Board.

Succession Planning for the Board

Succession planning is an important part of the governance process. The NGC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

Key Information on Directors

The profile of the Directors and key information are set out under "Board of Directors" section in this Annual Report. The Notice of AGM sets out the Directors proposed for re-election or re-appointment at the AGM. Key information on Directors are also available on SGX's website.

Board Matters

Board Performance

Principle 5

Board Performance Evaluation

The Board has implemented a process carried out by the NGC, for assessing the effectiveness of the Board as a whole and its Board committees, and for assessing the contribution by each individual Director to the effectiveness of the Board. The Board Evaluation Policy is available on SGX's website.

Annually, the NGC undertakes a process to assess the effectiveness of the Board as a whole and its Board committees. The NGC will ascertain the key areas for improvement and requisite follow-up actions. Once every 2 years, independent consultants will be appointed to assist in the evaluation process of the Board and Board committees. The Board believes that the use of an external independent consultant greatly enhances the quality and objectivity of the evaluation. This process includes a questionnaire designed to assess the performance of the Board and its Board committees and enhance the overall effectiveness of Directors. The Board and Board committees' performance will be evaluated by each Director and EMCO member.

During FY2020, Aon Hewitt Singapore ("Aon Hewitt") was appointed to facilitate the evaluation of the effectiveness of the Board as a whole, and of each Board committee, as well as the performance of the Chairman. Aon Hewitt has no connection with SGX or any of the Directors. The process involved Directors and EMCO members first completing a comprehensive online questionnaire sent by Aon Hewitt to the Directors and the EMCO members respectively. Factors which were evaluated by the Directors included board composition, information management, board processes, representation of shareholders & environment, social and governance (ESG), managing

Company's performance, strategy review, CEO performance and succession planning, director development and management, risk management, audit and internal controls and overall perception of the Board. Factors which were evaluated by the EMCO on the Board's performance included developing strategy, monitoring strategy, working with management, managing risks, representation of shareholders & ESG and overall perception of the Board. For FY2020, in addition to questionnaires, one-on-one interviews were conducted with each Director as part of the Board evaluation process. The findings from the evaluations were presented to the NGC and the Board to facilitate improvements to the Board's practices. Aon Hewitt concluded that the Board had maintained a neutral to positive trajectory for its performance and effectiveness from 2018 to 2020.

Board Performance Criteria

The Board reviews its performance annually.

The Board oversees the affairs of the SGX Group and is accountable to shareholders for the long-term performance and financial soundness of the SGX Group. In this regard, the Board supervises the achievement of Management's performance targets namely (a) strategic and non-financial priorities; (b) earnings per share; and (c) a comparison of SGX's total shareholder return against selected peer exchanges and Straits Times Index companies.

The Board is required to ensure that a proper balance is maintained between its commercial objectives and its regulatory responsibilities. Therefore, the Board performance criteria include a measure to capture the performance of SGX's regulatory responsibilities as a SRO.

Individual Director Evaluation

There is an individual assessment of each NED's contribution by the Chairman of the Board, and the results of the assessment are discussed with the NED. The factors considered in the individual assessment include the NED's attendance record, intensity of participation at Board and Board committee meetings, quality of interventions and special contributions made by the NED. The performance of individual NEDs are taken into account in their re-appointment or re-election. Specific needs which arise from time to time are taken into account in any appointment of new NEDs.

The assessment of CEO's performance is undertaken by the Chairman of the Board together with the Chairmen of the NGC and the RSDC, and the results are reviewed by the Board.

For FY2020, Aon Hewitt was appointed to facilitate the evaluation of the performance of the Chairman of the Board. Details are as set out in "Board Performance and Evaluation".

Remuneration Matters Procedures for Developing Remuneration Policies [Principle 6](#)

Remuneration & Staff Development Committee

The RSDC comprises 3 directors namely:



The Board considers that Mr Kwa Chong Seng, who has many years of experience in senior management positions and on various boards dealing with remuneration issues, is well qualified to chair the RSDC and that the members of the RSDC collectively have strong management experience and expertise on remuneration issues.

The key responsibilities of the RSDC, as delegated by the Board, are to:

- Oversee the governance of the SGX Group's remuneration policy;
- Oversee the remuneration of the Board and key management personnel including reviewing the remuneration of the CEO upon recruitment or renewal (where applicable), set appropriate remuneration frameworks and policies to ensure alignment with shareholders' interest and long-term value creation of the SGX Group;
- Review and recommend to the Board, the CEO's and key Management personnel's remuneration against the achievement of their prescribed goals and targets;
- Review the Company's obligations arising in the event of termination of the CEO's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- Approve the framework of remuneration for the entire organisation including the structure of short-term and long-term incentive schemes and policies. Each year, the RSDC also approves the salary increment pool and total incentive pool for distribution to staff of all grades; and
- Review the development and succession plan for EMCO members.

The RSDC has access to the Head of Human Resources, who attends all RSDC meetings. The RSDC may also seek external professional advice on remuneration of Directors and staff.

Whilst the RSDC reviews the fees payable to NEDs to be recommended for shareholders' approval at the AGM, no member of the RSDC may by himself or herself decide on his or her own remuneration.

Remuneration Matters Level and Mix of Remuneration [Principle 7](#)

The RSDC administers all the performance-related elements of remuneration for senior Management. A significant proportion of senior Management's remuneration is in the form of variable or "at risk" compensation, awarded in a combination of short-term and long-term incentives. The incentive schemes are designed to align the interests of the CEO, key Management personnel and staff with those of shareholders and link rewards to corporate and individual performance. As a policy, up to half of the senior Management's variable compensation may be deferred in the form of long-term incentives, which will vest over a period of time.

Details of SGX's compensation philosophy and the compensation framework including the long-term incentive awards made thereunder, and the performance conditions for the vesting of the awards, are found under 'Remuneration Report' in this Annual Report.

Corporate Governance Report

Non-Executive Directors' Remuneration

SGX's CEO is an executive director, and is therefore remunerated as part of senior Management and in accordance with the terms of his contract. He does not receive directors' fees.

The framework for determining NEDs' fees (including the fees payable to the SGX Chairman), as set out below, was last revised in FY2018. The framework reflects an equitable and adequate remuneration on account of the scope and extent of a director's responsibilities and obligations and

are measured competitively against Singapore-listed companies of similar size and to a lesser extent, global bourses, market competitive compensation levels to attract and retain talent, market trends on a national level and best practices for corporate governance.

Fee

	For Board	For Audit Committee & Risk Management Committee	For Other Board Committees
Committee Chairman	S\$930,000 per annum	S\$55,000 per annum	S\$40,000 per annum
Committee Member	S\$75,000 per annum	S\$40,000 per annum	S\$25,000 per annum

The gross remuneration paid to the NEDs (including SGX Chairman) for the financial year ended 30 June 2020 was S\$2,189,975.06 (details as set out in the table below):

FY2020 Fees	Share-based remuneration	Directors Fees	Total
1 Mr Kwa Chong Seng	S\$232,491.75	S\$777,508.25	S\$1,010,000.00
2 Mr Thaddeus Beczak		S\$115,000.00	S\$115,000.00
3 Dr Beh Swan Gin ¹		S\$47,706.05	S\$47,706.05
4 Ms Chew Gek Khim	S\$18,748.26	S\$106,251.74	S\$125,000.00
5 Ms Jane Diplock AO	S\$18,748.26	S\$136,251.74	S\$155,000.00
6 Mr Kevin Kwok	S\$18,748.26	S\$176,251.74	S\$195,000.00
7 Mr Liew Mun Leong ²		S\$42,595.10	S\$42,595.10
8 Mr Lim Chin Hu	S\$18,748.26	S\$150,925.65	S\$169,673.91
9 Ms Lim Sok Hui (Mrs Chng)		S\$130,000.00	S\$130,000.00
10 Mr Ng Wai King	S\$18,748.26	S\$81,251.74	S\$100,000.00
11 Mr Subra Suresh	S\$18,748.26	S\$81,251.74	S\$100,000.00
Total			S\$2,189,975.06

Note:

¹ Dr Beh Swan Gin was appointed to the Board and RMC on 1 February 2020

² Mr Liew Mun Leong stepped down from the Board on 3 October 2019

Subsidiary

Name of Director	Fees
Ms Jane Diplock AO ³	S\$85,000

Note:

³ Ms Jane Diplock AO is a director of SGX Regulation Pte. Ltd..

SGX seeks shareholders' approval at the AGM for the NED fees to be paid for the current financial year so that the NED fees can be paid on a quarterly basis in arrears. No Director decides his/her own fees. The NED fees which are paid on a current year basis, will be payable to the Director if he/she is in service at the end of the current quarter, or if the term of appointment ends within the quarter. Overseas Directors are reimbursed for out-of-pocket travelling and accommodation expenses in Singapore.

To encourage NEDs to hold shares in the Company to better align their interests with those of shareholders, one-quarter of the Chairman's fee of S\$930,000 and the NED base retainer fee will be paid in the form of share awards, provided that certain eligibility requirements are met, with the remaining three-quarters to be paid in cash. The awards will consist of the grant of fully paid shares, with no performance conditions attached. The share awards are not subject to a vesting period, but are subject to a selling moratorium whereby each NED is required to hold the equivalent of 1 year's basic retainer fees for his or her tenure as a Director and for 1 year after the date he or she steps down. The fair value of share grants to the Non-Executive Directors are based on the volume-weighted average price of the ordinary shares of SGX over the 14 trading days immediately after (and excluding) the date of the AGM. The actual number of ordinary shares to be awarded are rounded down to the nearest share, and any residual balance is paid in cash. Other than these share awards, the NEDs do not receive any other share incentives or securities pursuant to any of SGX's share plans.

Remuneration Matters

Disclosure of Remuneration

[Principle 8](#)

Remuneration of the CEO and the five top-earning Executives

For disclosure of the remuneration of the CEO and the five top-earning executives, please refer to the

'Remuneration Report' in the Annual Report. The 'Remuneration Report' further sets out the performance conditions used to determine EMCO's short-term and long-term incentives. SGX has also disclosed in the Remuneration Report, the remuneration of the five top-earning executives in actual figures, in line with best practices, with a breakdown in terms of fixed pay, variable bonus, ex-gratia payment (if any), long-term incentives and benefits-in-kind. The Remuneration Report also discloses the employee share schemes that SGX has in place and how remuneration paid is varied according to SGX's and the individual's performance.

None of the current employees are related to the Directors.

Remuneration of employees who are immediate family members of a Director or the Group CEO

No employee of the SGX Group is a substantial shareholder of SGX or is an immediate family member of a Director, the CEO or a substantial shareholder of SGX and whose remuneration exceeded S\$100,000 during the financial year ended 30 June 2020.

Accountability & Audit Risk Management and Internal Controls

[Principle 9](#)

The Board is responsible for overseeing risk management in SGX, amongst other matters. SGX recognises the importance of balancing risks and rewards to achieve the optimal level of risk that SGX can tolerate in its pursuit of its strategic priorities and business opportunities. In this regard, the Board, together with Management, has established a Risk Appetite Statement to identify the return objectives that are imperative to the organisation and the corresponding risk boundaries that are acceptable to support the achievement of these objectives. The

risk appetite helps bring discipline and reinforces SGX's risk culture through the establishment of a "tone from the top" regarding the nature and extent of risks that SGX is willing to accept.

To assist the Board, the Board has established the RMC, a dedicated board risk management committee. Its responsibilities include reviewing and recommending to the Board the type and level of risk that SGX undertakes on an integrated basis to achieve its business strategy, and the appropriate framework and policies for managing risks that are consistent with SGX's risk appetite.

The RMC comprises 6 directors namely:

Ms Lim Sok Hui (Mrs Chng)

Committee Chairman & Non-Independent Non-Executive Director

Mr Thaddeus Beczak

Non-Independent Non-Executive Director

Dr Beh Swan Gin

Independent Non-Executive Director

Ms Jane Diplock AO

Independent Non-Executive Director

Mr Kevin Kwok

Independent Non-Executive Director

Mr Lim Chin Hu

Independent Non-Executive Director

Corporate Governance Report

At the Management level, the EMCO has also established a dedicated Enterprise Risk Committee, chaired by the Chief Risk Officer. This committee oversees and ensures that risks are being managed by appropriate units holistically across the organisation.

SGX has 3 lines of defence for risk management. The operating units are the first line of defence who, as risk owners, establish processes and controls to respond to risks. The second line of defence comprises the independent Compliance and Enterprise Risk Management functions. Compliance focuses on compliance risks; whilst Enterprise Risk Management oversees the completeness and accuracy of risk assessments, risk reporting and works with the operating units to mitigate these risks. Internal Audit, as the third line of defence, provides objective assurance to the AC. Together, these 3 lines of defence assure that there are adequate internal controls relating to processes, risk and control governance.

SGX has implemented an enterprise-wide risk management framework to facilitate the management of risks across the organisation. There are 3 programmes in place to identify, assess and manage risks faced by SGX. The first programme adopts a top-down approach, where key risks including strategic, financial, operational, compliance and regulatory risks, are identified by senior Management. Mitigating actions are put in place to manage these risks, and key risk indicators (KRI) are established to monitor the risks. These KRIs are approved by the RMC and the Board. The second programme, the unit-level “Risk Self Assessments” (RSA), adopts a bottom-up approach and allows individual units to continuously identify risks

faced by their units. Similar to the top-down exercise, mitigating actions are formulated to manage the risks. The third programme is a “Control Self-Assessment” programme which provides objective assurance to the EMCO that key controls are operating effectively. The units perform self-testing to verify that key controls operated effectively throughout the year. Together, all these tools and exercises provide greater assurance that the SGX Group’s risks identified are adequately managed. Where deficiencies in controls are identified, the operating units are able to address and rectify such deficiencies in a timely manner.

SGX has an active Business Continuity Management (BCM) programme to minimise the impact of a disruption on SGX’s operations. As a major financial industry infrastructure provider, SGX has an obligation to ensure the continuity of its business as any operational disruption may cause adverse impact on the financial industry. SGX’s BCM Policy and Guidelines ensure business continuity planning and staff readiness by way of regular rehearsals, exercising and testing. SGX recognises that operational resilience is required across the entire ecosystem and actively engages industry participants to improve their preparedness and readiness to deal with potential business disruptions. During the year, SGX successfully tested the organisation’s and participants’ recovery process to market disruptions. Additionally, our operational resilience through the COVID-19 pandemic has given us assurance that SGX’s BCM programme is effective.

The Board has received assurance from the CEO and Chief Financial Officer (CFO) that, as at 30 June 2020,

the SGX Group’s financial records have been properly maintained, and the financial statements give a true and fair view of the SGX Group’s operations and finances.

The Board has also received assurance from the CEO, the EMCO and its permanent invitees, and the Head of Internal Audit that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 30 June 2020 to address the risks that the SGX Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the SGX Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, as well as the said assurances set out above, the Board, with the concurrence of the AC, is of the opinion that the SGX Group’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 30 June 2020 to address the risks that the SGX Group considers relevant and material to its operations.

SGX’s internal controls and risk management systems provide reasonable assurance against foreseeable events that may adversely affect SGX’s business objectives. The Board notes that no internal controls and risk management systems can provide absolute assurance in this regard, or against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Accountability

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders no later than 24 days from the end of the quarter. Annual results are released within 30 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of SGX's financial results, position and prospects.

For the financial year under review, the CEO and CFO provided assurance to the Board on the integrity of the financial statements of SGX and its subsidiaries. For interim financial statements, the Board provides a statement of negative assurance to shareholders, in line with the Listing Rules. For the full year financial statements, the Board with the concurrence of the AC provides an opinion that the financial statements give a true and fair view of the results of the SGX Group and that SGX will be able to pay its debts as and when they fall due. This, in turn, is supported by a negative assurance statement from the CEO and CFO. Management provides Directors with a monthly financial performance report either (a) within 10 business days from month-end close; or (b) on or prior to the day when the annual or quarterly financial results are released. SGX has also procured undertakings from all its Directors and executive officers in compliance with Listing Rule 720(1).

SGX is accountable to MAS on how it discharges its responsibilities as a market operator, depository and clearing house, and as a regulator. In this respect, an annual self-assessment report and an annual report on the SGX RegCo activities in relation to SGX's SRO conflicts management are typically prepared and submitted to MAS. MAS ordinarily also conducts an annual on-site inspection of SGX as part of its oversight of SGX.

Accountability & Audit Audit Committee

Principle 10

The AC comprises 3 directors namely:

Mr Kevin Kwok

Committee Chairman & Independent Non-Executive Director

Ms Jane Diplock AO

Independent Non-Executive Director

Mr Lim Chin Hu

Independent Non-Executive Director

In compliance with the requirements of the SFR 2005, all members of the AC are independent non-executive directors who do not have any management and business relationships with SGX or any substantial shareholder of SGX. None of the AC members were previous partners or directors of the Company's external auditor, KPMG LLP (KPMG), within the last 2 years or hold any financial interest in KPMG. The Board considers Mr Kevin Kwok, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. The members of the AC collectively have strong accounting and related financial management expertise and experience. They keep abreast of relevant changes to accounting standards and issues which have a direct impact on the financial statements.

Key Objectives

The key objectives of the AC are to assist the Board in discharging its statutory and other responsibilities relating to the integrity of the financial statements, monitoring of the system of internal controls and independence of the external auditor.

Roles and Responsibilities of AC

➔ Financial Reporting

➔ Internal Controls and Regulatory Compliance

➔ Internal Audit

➔ Compliance

➔ External Auditor

Financial Reporting

The AC meets on a quarterly basis to review the financial statements, including the relevance and consistency of the accounting principles adopted and the significant financial reporting issues and judgments, so as to obtain reasonable assurance as to the integrity and fairness of the financial statements. The AC recommends the financial statements and corresponding SGXNet announcements to the Board for approval.

Internal Controls and Regulatory Compliance

The AC reviews and assesses the adequacy and effectiveness of SGX's system of internal controls and regulatory compliance measures. In order to do this, the AC considers the reports, the processes and controls in place and carries out discussions with Management, the Head of Internal Audit, the Head of Legal, Compliance & Corporate Secretariat, the Chief Risk Officer and the external auditor, at its quarterly AC meetings.

Corporate Governance Report

Taking into consideration the 3 lines of defence that SGX has for risk management (as described in Principle 9), the AC also considers the results of the Controls Self-Assessment Framework administered by the Enterprise Risk Management function in its assessment of SGX's internal controls.

Based on its reviews, the AC makes recommendations to the Board with regard to the adequacy and effectiveness of SGX's internal controls.

Internal Audit

The AC reviews and approves the scope and plans undertaken by the Internal Audit function, and considers the results, significant findings and recommendations together with Management's responses. The AC assesses the adequacy and effectiveness of the Internal Audit function and ensures that the Internal Audit has direct and unrestricted access to the Chairman of the Board and the AC. The appointment, remuneration and resignation of the Head of Internal Audit are reviewed by the AC.

Compliance

The AC reviews the compliance framework and workplan. The AC also reviews compliance matters that may have material impact on SGX's financials, internal controls or reputation.

External Auditor

The AC oversees SGX's relationship with its external auditor. It reviews the selection of the external auditor and recommends to the Board the appointment, re-appointment and removal of the external auditor, as well as the remuneration and terms of engagement of the external auditor. The annual re-appointment of the external auditor is subject to shareholders' approval at SGX's AGM.

On an annual basis, the AC evaluates the performance and effectiveness of the external auditor and recommends

the re-appointment of the external auditor to the Board. The AC reviews the scope and the audit plans as well as the results of audits undertaken by the external auditor and considers all significant findings, recommendations and Management's responses. It also reviews the independence and objectivity of the external auditor, and assesses the nature, extent and costs of non-audit services provided by the external auditor, seeking to balance the independence and objectivity of the external auditor with the business and operational needs of SGX.

All SGX employees are educated on the whistleblowing policy as part of their mandatory annual e-learning. SGX also publicly discloses the purpose, scope, reporting and communication channels of the whistleblowing policy on its website.

Interested Person Transactions Policy

SGX has procedures in place to comply with the Listing Manual requirements relating to interested person transactions. All new directors are briefed on the relevant provisions that they need to comply with. All interested person transactions, if any, are reported to and monitored by the Finance department, and reviewed by the AC.

Authority of the AC

The Board has delegated to the AC the authority to investigate any matter within its terms of reference. The AC has full access to the internal and external auditors as well as to Management. It also has full discretion to invite any director or officer, including any director from any subsidiary board within the SGX Group, to attend its meetings and has access to various resources, including external consultants, to enable it to discharge its responsibilities properly.

Activities in FY2020

The AC met 4 times during the financial year ended 30 June 2020. The Chairman, CEO, CFO, Deputy CFO, Chief Risk Officer, Chief Technology Officer, Head of Internal Audit, Head of Legal, Compliance & Corporate Secretariat, and the external auditor were invited to attend these meetings. The following matters were reviewed during the meetings:

Financial Matters

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements.



Whistleblowing Policy

SGX has a whistleblowing policy which encourages employees and vendors to report malpractices and misconduct in the workplace. The policy establishes a confidential line of communication to report concerns about possible improprieties to the Head of Internal Audit, and ensures the independent investigation of, and follow-up of such matters. SGX will treat all information received confidentially and protect the identity of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. Employees who have acted in good faith will be protected from reprisal. Reports can be lodged by calling the hotline at +65 6236 8585 or via email at whistleblowing@sgx.com. The AC reviews all whistleblowing complaints at its quarterly meetings to ensure independent, thorough investigation and appropriate follow-up actions. The outcome of each investigation is reported to the AC.

The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Significant Matters	How the AC reviewed these matters
<p>Acquisition of Scientific Beta Pte. Ltd. –Purchase price allocation</p>	<p>The AC reviewed the following:</p> <ul style="list-style-type: none"> (i) Approach on purchase price allocation; (ii) Key assumptions applied in arriving at the fair value of assets acquired and liabilities assumed; and (iii) The fair value and useful life assigned to the identified intangible assets.
<p>Impairment assessment of goodwill and intangible assets</p>	<p>The purchase price allocation arising from the acquisition of SB and impairment assessment of goodwill were also areas of focus for the external auditor. The external auditor has included these items as key audit matters in its audit report for the financial year ended 30 June 2020. Refer to pages 112 and 113 of this Annual Report.</p> <p>The AC has considered the approach and methodology applied to the valuation model in goodwill impairment assessment as well as the assessment for indicators of impairment of intangible assets of Energy Market Company Pte Ltd (EMC), Baltic Exchange Limited (BEL) and Scientific Beta Pte. Ltd. (SB). It has reviewed the reasonableness of business projections and cash flow forecasts, the long-term growth rate and the discount rate. The AC is satisfied with the appropriateness of the methodology used and the reasonableness of the rates applied.</p>

Following the review and discussions, the AC recommended to the Board to approve the full year financial statements.

Oversight of the External Auditor

KPMG LLP is appointed as the external auditor following shareholders' approval at the last annual general meeting held on 3 October 2019.

The AC approved the scope and audit plans undertaken by the external auditor, reviewed the results of the audits, significant findings and recommendations as well as Management's responses.

The AC considered the independence and quality of the external auditor throughout the year and also met with the external auditor without the presence of Management. The external auditor provided regular updates to the AC on relevant changes

to the accounting standards and the implications on the financial statements.

The AC received a report from Management on their evaluation of the performance and effectiveness of the external auditor. This report assessed the quality of the external auditor across a number of evaluation criteria, including measures of relevance and quality of its work as well as its level of independence. Management has referred to the Checklist for Evaluation of External Auditors in the Guidebook for Audit Committees in Singapore issued jointly by ACRA, MAS and SGX, Guidance to Audit Committees on ACRA's Audit Quality Indicators Disclosure Framework issued by ACRA and Audit Committee Guide issued by

the Singapore Institute of Directors to set the evaluation criteria.

On the basis of their own interactions with KPMG and with the report from Management, the AC assessed and concluded that KPMG has fulfilled its responsibilities as external auditor. The Board concurred with the AC's endorsement. Accordingly, the Board recommends the re-appointment of KPMG at the coming AGM.

SGX has complied with Listing Rules 712 and 715 in relation to its external auditor.

Non-Audit Services

The AC reviewed the volume and nature of non-audit services provided by the external auditor during the financial year ended 30 June 2020. Based on this

Corporate Governance Report

and other information, the AC is satisfied that the financial, professional and business relationships between SGX and the external auditor did not prejudice their independence and objectivity.

The total fees paid to SGX’s external auditor, KPMG, are disclosed in the table below:

External Auditor Fees for FY2020	Total Audit Fees	Total Non-Audit Fees	Total Fees Paid
S\$’000	841	230	1,071
% of total audit fees		27.3	

Internal Controls and Regulatory Compliance

The AC reviewed and assessed the effectiveness of SGX’s system of internal controls and regulatory compliance measures. Taking into account the system of internal controls established and maintained by SGX, the work performed by the internal and external auditors as well as the Compliance function, and reviews performed by Management, including the results of the Controls Self-Assessments and various Board committees, the Board, with the concurrence of the AC, is of the opinion that SGX’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for the financial year ended 30 June 2020 to address the risks that the SGX Group considers relevant and material to its operations.

Oversight of Internal Audit

The AC exercised its oversight over the Internal Audit function throughout the financial year. The AC performed the following:

- (a) reviewed and approved the scope of the annual internal audit plans to ensure that those plans provided a sufficiently robust review of the system of internal controls of SGX;
- (b) reviewed significant audit observations and Management’s responses thereto;
- (c) approved the Internal Audit Charter;
- (d) ensured the adequacy and effectiveness of the Internal Audit function; and
- (e) approved the budget and staffing for the Internal Audit function.

The AC Chairman met regularly with the Head of Internal Audit without the presence of Management, several times during the financial year under review. The Head of Internal Audit provided regular updates to the AC on the ongoing operations of and various initiatives undertaken by the Internal Audit function.

Oversight of Compliance

The AC exercised its oversight over the Compliance function throughout the year. The AC reviewed the following:

- (a) scope of annual compliance plans;
- (b) compliance activities, key compliance risks identified and compliance response thereto;
- (c) regulatory breaches and compliance response thereto;
- (d) approval of Compliance Charter; and
- (e) budget and staffing for the Compliance function.

The Compliance function is independent of the business functions and reports directly to the CEO. The role of the Compliance function and its accountability to the CEO and the AC is described in the Compliance

Charter, which is reviewed annually and approved by the AC. The Compliance function executes an annual risk-based compliance programme, focusing on regulatory risks arising from SGX’s obligations to comply with applicable laws and regulations. The programme comprises a combination of regulatory risk assessments and responses, compliance training (including mandatory annual e-learning for staff), independent compliance reviews, and regular reporting to senior management, the AC and regulators on breaches, significant compliance issues and relevant action plans. The AC receives regular quarterly reports and other relevant reports from the Head of Compliance.

Material Contracts

There were no material contracts entered into by SGX or any of its subsidiaries involving interests of any Director or controlling shareholder during FY2020.

Interested Person Transactions

There were no Interested Person Transactions entered into by SGX or any of its subsidiaries involving interests of any Director or controlling shareholder or an associate of any Director or controlling shareholder during FY2020.

Internal Audit

Annually, Internal Audit prepares and executes a robust risk-based audit plan, which complements that of the external auditor, so as to review the adequacy and effectiveness of SGX’s system of internal controls. These include financial, operational, compliance and information technology controls, and risk management systems. In addition, the external auditor will highlight any

material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the AC. Significant issues are discussed at AC meetings. Internal Audit follows up on all recommendations by the internal and external auditors and reports the implementation status to the AC every quarter.

Line of Reporting and Activities

Internal Audit is an independent function within SGX. The Head of Internal Audit reports directly to the AC and administratively to the CEO. The AC approves matters relating to the Internal Audit Charter, risk assessment and related audit plans, as well as results from internal audit activities. The AC approves the hiring, removal, performance evaluation and compensation of the Head of Internal Audit. Internal Audit has unfettered access to all of SGX's documents, records, properties and personnel.

Internal Audit operates within the framework stated in its Internal Audit Charter, which is approved by the AC. The primary role is to assist the Board and senior management to meet the strategic and operational objectives of SGX, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, internal controls and governance processes.

All audit reports are circulated to the AC, Chairman, the CEO, the external auditor, the MAS, and relevant senior Management representatives. The progress of corrective actions on outstanding audit issues is monitored through company-

wide issue management systems. Information on outstanding issues is categorised according to severity and quarterly reports are sent to senior Management and the AC.

Adequacy of the Internal Audit Function

Internal Audit's annual risk based plan is established in consultation with, but independent of Management and is aligned with the risk management framework of SGX. The plan is submitted to and approved by the AC. The AC is satisfied that the Internal Audit function has adequate resources to perform its functions, and has appropriate stature within SGX. The AC also reviews annually the adequacy and effectiveness of the Internal Audit function. As at 30 June 2020, there are 11 staff within the Internal Audit function.

Professional Standards and Competency

Internal Audit is a member of The Institute of Internal Auditors (IIA) and has adopted the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. Quality assessment reviews are carried out at least once in 3 years by external qualified professionals. The last review was completed in FY2018 and the next review will be conducted in FY2021. The quality assessment review concluded that the Internal Audit function is adequate and conforms with the IIA Standards. Besides the IIA, the technology auditors in the Internal Audit function are members of the Information Systems Audit and Control Association (ISACA).

The professional competence of the internal auditors is maintained or upgraded through relevant audit training programmes, conferences and seminars. Internal Audit is staffed with suitably qualified and experienced professionals with a range of 4 to 20 years of diverse financial, operational, compliance and technology audit experience.

Performance Overview

Group Overview

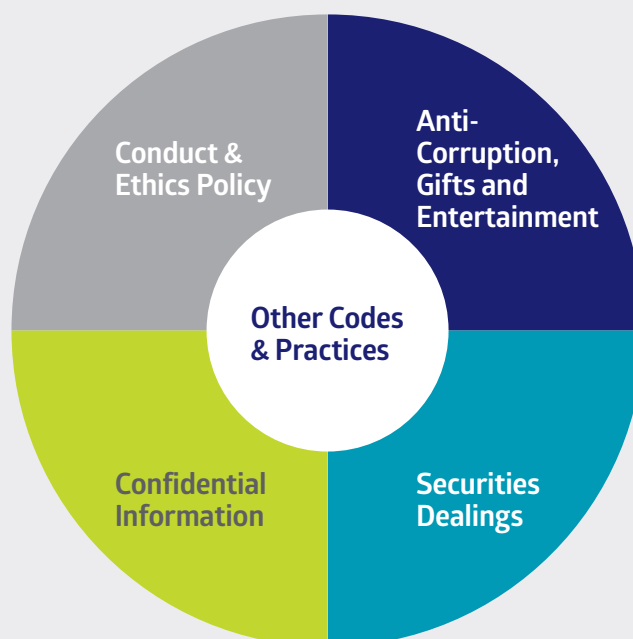
Value Creation & Sustainability

Governance

Financials

Others

Corporate Governance Report



Conduct & Ethics Policy

All employees are required to observe and maintain high standards of integrity, as well as comply with laws, regulations and company policies. SGX sets standards of ethical conduct for employees, which covers all aspects of the business operations of SGX such as work ethics, personal conflicts of interest, confidentiality of information, related party transactions, gifts and dealings in securities.

Confidential Information

SGX deals with confidential information on a daily basis. Protecting confidential information is of paramount importance to establishing and maintaining a trusted marketplace. SGX provides clear guidance to its staff on the proper management, use and disclosure of confidential information. SGX's Confidentiality Policy and SGX's Personal Data Protection Policy set out SGX's framework and procedures for compliance with, among other things, the user confidentiality obligations under the SFA, and the personal data

protection obligations under the Personal Data Protection Act.

Anti-Corruption, Gifts and Entertainment

SGX has zero tolerance for bribery and corruption. SGX requires its employees to comply with the relevant anti-corruption legislation in Singapore and overseas, and to follow SGX's internal procedures when giving or receiving gifts, entertainment, sponsorships and charitable contributions. This requirement extends to all of SGX's business dealings in all countries in which it operates. SGX will always choose to forgo business rather than pay bribes and fully supports its employees in adopting the same stance.

Securities Dealings

To guard against insider trading, SGX adopts a "black-out" policy that is consistent with what is prescribed under the Listing Manual. All Directors and staff and their "related persons" (e.g. spouses and financial dependents) are prohibited from dealing in SGX's

securities for a period of 2 weeks before the release of the financial results for the first 3 quarters of SGX's financial year, and 1 month before the release of the full year results.

SGX issues a quarterly notice to its Directors and staff informing them not to deal in SGX's securities during a black-out period and that they are prohibited at all times from trading in SGX securities if they are in possession of unpublished price-sensitive information. Directors and staff are also discouraged from dealing in SGX's securities on short term considerations.

In addition to the black-out policy on SGX's securities, staff and their "related persons" who want to trade securities of any company listed on Singapore Exchange Securities Trading Limited must, subject to certain prescribed exceptions, seek prior approval from their managers. Staff are prohibited at all times from trading in the securities of any company if they are in possession

of material non-public information concerning that company.

All SGX staff are required to complete an annual online refresher module on SGX's staff dealing requirements as part of SGX's mandatory compliance training.

All Directors are required to report their dealings in SGX's securities within 2 business days.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11

Engagement with Shareholders

Principle 12

Shareholder Rights

SGX is fully committed to treat all shareholders fairly and equitably. All shareholders enjoy specific rights under the Constitution and the relevant laws and regulations. SGX ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet, and where appropriate, also posted on the SGX Investor Relations (SGX IR) Website (investorrelations.sgx.com). SGX recognises that the release of timely, regular and relevant information regarding the SGX Group's performance, progress and prospects aids shareholders in their investment decisions.

Shareholders are entitled to attend the general meetings and are accorded the opportunity to participate effectively in and vote at general meetings (including through the appointment of up to 2 proxies, if they are unable to attend in person or in the case of a corporate shareholder, through its appointed representative). Shareholders are also informed of the rules, including the voting procedures that govern the general meetings. Indirect investors who hold SGX shares through a nominee company or custodian bank

or through a CPF agent bank may attend and vote at the AGM.

Conduct of General Meetings

Shareholders are informed of general meetings through notices sent to all shareholders or at the shareholder's election, made available electronically. Shareholders may download the Annual Report and Notice of AGM from the SGX IR Website. The general meeting procedures provide shareholders the opportunity to raise questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate their views on matters relating to SGX to the directors.

Shareholders or their appointed proxies are given the opportunity to vote at the general meetings of shareholders. SGX has been conducting electronic poll voting for all the resolutions passed at the general meetings of shareholders for greater transparency in the voting process. An independent external consultant is also appointed as scrutineer for the electronic poll voting process. Prior to the commencement of the general meeting of shareholders, the scrutineer would review the proxies and the proxy process. A proxy verification process agreed upon with the scrutineer is also in place. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders or their appointed proxies immediately after each poll conducted at the meeting. SGX maintains an audit trail of all votes cast at the general meeting of shareholders. The outcome of the general meeting of shareholders (including total numbers and percentage of votes cast for or against the resolutions) are also promptly disclosed on SGXNet on the same day after the general meeting. Each share is entitled to 1 vote. SGX currently does not provide for voting in absentia.

All Directors, including the Chairman of each of the AC, NGC, RSDC and RMC, external auditor, senior management and legal advisors (where necessary), are present at general meetings to address queries from the meeting attendees.

SGX provides for separate resolutions at general meetings of shareholders on each distinct issue. All the resolutions at the general meetings are single item resolutions. Detailed information on each resolution in the AGM agenda is in the explanatory notes to the AGM Notice in the Annual Report.

The Company Secretaries prepare minutes of the general meetings, which capture the essence of the comments or queries from meeting attendees and responses from the Board and Management. These minutes are available on the SGX IR Website.

Forthcoming AGM to be Convened and Held by Electronic Means

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2020, will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

Corporate Governance Report

Disclosure of Information on a Timely Basis

SGX is committed to disclosing to its shareholders as much relevant information as is possible, in a timely, accurate, fair and transparent manner.

In addition to comprehensive, accurate and timely disclosure of information that is material or that may influence the price of SGX shares on SGXNet in compliance with the requirements of the Listing Manual, SGX adopts the practice of regularly communicating major developments in its businesses and operations through the appropriate media. Such channels include news releases, annual reports, shareholder circulars, shareholders' meetings, and direct announcements.

SGX notifies investors of the date of release of its financial results in advance. This is done through an SGXNet announcement and a media release. Results for the first three quarters are released to shareholders no later than 24 days from the end of the quarter. Annual results are released within 30 days from the financial year-end.

Briefings to present quarterly and full-year results are held for the media and analysts. "Live" video webcasts of briefings, accessible by the public, are available on the SGX IR Website.

Interaction with Shareholders

At each AGM, the CEO delivers a presentation to update shareholders on SGX's progress over the past year. The CFO will also deliver a presentation to shareholders on the financial performance for the year. The Directors (including the chairpersons of the respective Board committees), EMCO and senior Management executives are in attendance to address queries and concerns about SGX. SGX's external auditor also

attends to address shareholders' queries relating to the conduct of the audit and the preparation and content of the external auditor's report.

Dividend Policy

SGX aims to pay a sustainable and growing dividend over time, consistent with long-term growth prospects. Dividends will be paid on a quarterly basis and will be at the discretion of the Board.

Corporate Website

SGX adopts transparent, accountable and effective communication practices as a key means to enhance standards of corporate governance. We aim to provide clear and continuous disclosure of our corporate governance practices through efficient use of technology. The following information is made available on SGX IR Website within 6 weeks from the date of events:

- Board of Directors and EMCO profiles;
- Notice of AGM and Proxy Forms;
- Minutes of general meetings of shareholders;
- Annual Reports;
- Letter/Circular to Shareholders;
- Company announcements;
- Press releases;
- Financial results; and
- Calendar of events.

The latest Annual Report, financial results (including webcasts of the quarterly and full-year results briefings for media and analysts and press releases) and company announcements are posted on the website following their release to the market, to ensure fair dissemination to shareholders. SGX also makes available speeches and presentations given by the Chairman, CEO, and senior Management executives, and a range of other information considered to be of interest to investors.

SGX's corporate website (sgx.com) has a dedicated 'Investor Relations' link to the SGX IR Website, which features the latest and past financial results and related information. The contact details of the Investor Relations team are available on the dedicated link, as well as in the Annual Report, to enable shareholders to contact SGX easily. Investor Relations has procedures in place for addressing investors' queries or complaints as soon as practicable.

Engagement with Stakeholders Managing Stakeholder Relationships Principle 13

SGX has in place an Investor Relations Policy, which sets out the process and mechanism to engage its stakeholders, including the channel of communication (as described above) for questions to be posed by shareholders and through, which SGX may respond accordingly.

Through the Investor Relations team, SGX engages its shareholders, investors and analysts through investor roadshows, social media and participation in major investor conferences locally and abroad. SGX is committed to actively engaging the investment community to convey its investment proposition, as well as obtain feedback on its expectations.

Please refer to the section on "Stakeholder Engagement" on page 42 of this Annual Report for more information on how SGX manages its stakeholder relationships.

Remuneration Report

The Remuneration & Staff Development Committee (RSDC) reviews and recommends to the Board for approval matters concerning management development, succession planning and remuneration of senior management and employees as well as the remuneration of the Board.

The RSDC comprises the following directors:

Mr Kwa Chong Seng
Committee Chairman & Independent Non-Executive Director

Ms Chew Gek Khim
Independent Non-Executive Director

Mr Ng Wai King
Independent Non-Executive Director

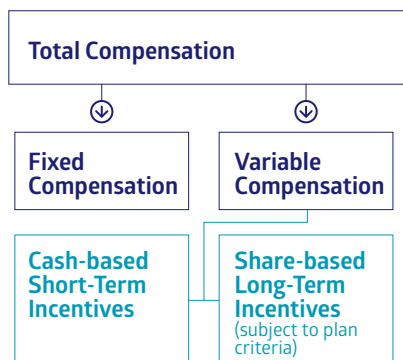
Compensation Philosophy

SGX adopts a compensation philosophy that is directed towards the attraction, retention and motivation of talent to achieve its business vision and strategic priorities and create sustainable value for its shareholders. Pay-for-performance is emphasised by linking the total compensation to the achievement of organisational and individual performance goals and objectives, taking into consideration relevant regulatory standards and comparative compensation in the market to maintain competitiveness.

SGX benchmarks the total compensation for employees against other local and regional financial institutions using the market data provided by McLagan (Singapore), a business unit of Aon Hewitt Singapore Pte Ltd. McLagan (Singapore) and its consultants are independent and not related to any of our Directors.

Compensation Components and Mix

An employee's total compensation is made up of the following components:



The mix of fixed and variable compensation for employees is aligned with the remuneration mix in the financial services industry. The proportion of variable or “at risk” compensation to the total compensation increases with job grade seniority. At the senior management level, up to 50% of variable compensation is deferred over a time period of three to four years in the form of share-based long-term incentives.

Furthermore, in alignment with current regulatory standards, the mix of fixed and variable compensation for functions in Singapore Exchange Regulation (SGX RegCo), Risk Management, CFO unit, Human Resources, Internal Audit and Legal, Compliance and Corporate Secretariat, collectively known as “control functions”, is weighted towards fixed compensation.

Fixed Compensation

Fixed compensation comprises base salary, fixed allowances and an annual wage supplement. Base salary is pegged to the 50th percentile of market pay data in the Singapore banking and financial services industry.

The annual salary review is in July. The RSDC approves the salary increment budget taking into account market trends and the profitability of SGX as a whole.

Variable Compensation

Variable compensation comprises cash-based short-term incentives and share-based long-term incentives. The award of variable compensation is approved by the RSDC and the Management through a process where due consideration is given to corporate and individual performance as well as relevant comparative remuneration in the market.

SGX adopts a performance management framework that is designed to drive organisational success through the achievement of goals that are aligned to its corporate mission and strategic priorities.

In measuring performance, achievement of goals in five categories namely, financial, products and services, stakeholders’ trust, operational excellence, people and culture, are assessed. Employees’ demonstration of SGX values – *Trust, Passion, Service* – is also assessed as a measure of “how” performance is delivered and used to determine an overall performance rating based on a blended, qualitative assessment. In addition, under the consequence management framework, any adverse feedback from the control functions on an individual’s regulatory and controls performance as well as any policy breaches will be considered in the individual’s performance and compensation decisions.

In line with the current regulatory standards, the control functions’ performance is assessed principally on the achievement of goals and objectives for the functions, and not directly linked to the company’s financial performance.

Each year, the RSDC evaluates the extent to which each of the senior management has delivered on the corporate and individual goals and objectives (details are not disclosed for strategic and confidentiality reasons),

Remuneration Report

to approve the compensation for senior management and propose the compensation for the CEO to the Board for approval.

Total Incentives Funding

The Total Incentives (TI) pool funds the annual variable bonus for all employees (excluding those in control functions and those on sales incentive plan) and the long-term incentive plans. It is computed using the following formula:

TI Pool =

A percentage of Profit before Variable Bonus less Corporate Tax less Cost of Equity

The percentage is determined by the RSDC and takes into account SGX's overall performance.

Short-term Incentives

Short-term incentives take the form of a sales incentive or an annual variable bonus. The sales incentive pool for participants of the Sales Incentive Plan is determined by the achievement of sales and corporate goals while the variable bonus pool for the rest of the functions is determined by organisational and functional performance. Each year, the RSDC reviews and approves the short-term incentive pools for distribution, and the Management reviews and allocates the incentive/variable bonus based on the employee's individual performance and contribution towards SGX's performance.

Long-term Incentives

Long-term incentives (LTIs) create value for the company by aligning employees' long-term incentives to the achievement of SGX's long-term results. Furthermore, due to its time-based vesting characteristic over a period of three to four years, it carries a retention element that strengthens SGX's ability to reward and retain key employees. The costs of LTIs

are funded by the TI Pool, which is approved by the RSDC.

In alignment with current regulatory standards, LTIs may be clawed back in the event of exceptional circumstances, such as misstatement of financial results or of misconduct resulting in financial or other losses to the company.

There are two types of LTIs awarded as part of employees' total compensation – the SGX Performance Share Plan (SGX PSP) and the SGX Deferred Long-Term Incentives Scheme. Both grants are made at the discretion of the RSDC. For the senior management, half of their deferred variable compensation is granted in performance shares under the SGX PSP and the remaining half in deferred shares under the Deferred Long-Term Incentives Scheme. The number of shares awarded is determined using the valuation of the shares based on one-month volume-weighted average prices of SGX shares before the approval of awards.

The SGX Performance Share Plan

The SGX PSP is a share-based incentive scheme established with the objective of rewarding, motivating, and retaining key senior executives to optimise their performance standards. Through the SGX PSP, SGX will be able to recognise and reward past contributions and services, and motivate the plan participants to continue to strive for SGX's long-term success. In relation to SGX's business, the effective execution of strategic and non-financial priorities and growing scale and relevance amongst peer exchanges and companies, are key success factors and this is reflected in the SGX PSP performance targets.

The SGX PSP, after being in force for 10 years, expired on 21 September 2015. It was replaced by a new plan – the SGX Performance Share Plan 2015 (SGX PSP 2015), which was approved

for adoption by the shareholders on 23 September 2015.

Under the SGX PSP 2015, performance targets have been revised and the vesting period has been extended to four years (instead of three years for SGX PSP). With that, any shares that have been released by participants under SGX PSP 2015 are no longer subject to a retention period.

The RSDC may decide to vest an award, wholly or partly, in SGX shares or in cash, based on the aggregate market value of shares on vesting date.

Limitation on the size of SGX PSP 2015

The total number of new SGX shares which may be issued pursuant to awards granted under the SGX PSP 2015 on any date, when added to the total number of new shares issued and issuable in respect of all awards granted under the SGX PSP 2015 (and/or any share schemes then in force), shall not exceed 10% of the total number of SGX's issued shares (excluding shares held by the company as treasury shares) on the day preceding the relevant date of award.

Restriction

Unless otherwise decided by the RSDC, the entitlement to the award shall lapse immediately as of the date the notice of termination of employment is tendered by or given to a plan participant.

Eligibility

Selected members of senior management who have attained the rank of Vice President (Job grade 2 and above) are eligible to be considered for the award under the plan.

Remuneration Report

Summary of Grants (FY2017 to FY2020)

The performance targets chosen are key success factors of SGX's business that also drive alignment with shareholders' interests.

Starting from FY2018 grant, strategic and non-financial priorities have been introduced as a performance measure. For SGX to stay competitive in the fast changing business environment, it has to drive growth through the delivery of various strategic priorities, including non-financial ones. This performance measure is adopted to reward Management for driving the development of product and services, managing stakeholders' trust, achieving greater operational efficiency and cultivating the desired people and corporate culture.

Grant	Performance period	Grant Date	Vesting Date	Performance Targets
FY2017	1 July 2016 to 30 June 2019	15 August 2016	1 September 2020	(1) Earning Per Share (EPS) growth (2) Relative Total Shareholder Returns (TSR) against selected peer exchanges <i>(Details in Table A)</i>
FY2018	1 July 2017 to 30 June 2020	15 September 2017	1 September 2021	(1) Strategic and non-financial Priorities (2) EPS (3) Relative TSR against selected peer exchanges (4) Relative TSR against Straits Times Index peer companies <i>(Details in Table B)</i>
FY2019	1 July 2018 to 30 June 2021	15 August 2018	1 September 2022	(1) Strategic and non-financial Priorities (2) EPS (3) Relative TSR against selected peer exchanges (4) Relative TSR against Straits Times Index peer companies <i>(Details in Table C)</i>
FY2020	1 July 2019 to 30 June 2022	15 August 2019	1 September 2023	(1) Strategic and non-financial Priorities (2) EPS (3) Relative TSR against selected peer exchanges (4) Relative TSR against Straits Times Index peer companies <i>(Details in Table D)</i>

¹ Selected peer exchanges comprises 14 international listed exchanges.

² Straits Times Index peer companies comprises 29 component-stocks of the FTSE STI Index, excluding SGX.

Table A – FY2017 Grant

Performance Level	EPS Growth (Weight = 50%)		+	Relative TSR against selected peer (Weight = 50%)	
	3 FY CAGR (%)	Payout (% of base allocation)		Average over 3FYs	Payout (% of base allocation)
Above Target	≥9.9%	150%		≥75 th percentile of peers	150%
At Target	6.2%	100%		50 th percentile of peers	100%
Threshold	3.1%	50%		25 th percentile of peers	50%
Below Threshold	<3.1%	Nil		<25 th percentile of peers	Nil

Remuneration Report

Table B - FY2018 Grant

Strategic and Non-financial Priorities (Weight = 40%)		EPS (Weight = 30%)			Relative TSR against selected peer exchanges (Weight = 15%)		Relative TSR against Straits Times Index peer companies (Weight = 15%)	
Performance Level	Payout (% of base allocation)	Performance Level	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)
Exceeded	150%	Above Target	≥37 cents	150%	≥75 th percentile of peers	150%	≥75 th percentile of peers	150%
Met	100%	At Target	34 cents	100%	50 th percentile of peers	100%	50 th percentile of peers	100%
Partially Met	50%	Threshold	32 cents	50%	25 th percentile of peers	50%	25 th percentile of peers	50%
Not Met	Nil	Below Threshold	<32 cents	Nil	<25 th percentile of peers	Nil	<25 th percentile of peers	Nil

Table C - FY2019 Grant

Strategic and Non-financial Priorities (Weight = 40%)		EPS (Weight = 30%)			Relative TSR against selected peer exchanges (Weight = 15%)		Relative TSR against Straits Times Index peer companies (Weight = 15%)	
Performance Level	Payout (% of base allocation)	Performance Level	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)
Exceeded	150%	Above Target	≥38 cents	150%	≥75 th percentile of peers	150%	≥75 th percentile of peers	150%
Met	100%	At Target	35 cents	100%	50 th percentile of peers	100%	50 th percentile of peers	100%
Partially Met	50%	Threshold	33 cents	50%	25 th percentile of peers	50%	25 th percentile of peers	50%
Not Met	Nil	Below Threshold	<33 cents	Nil	<25 th percentile of peers	Nil	<25 th percentile of peers	Nil

Table D - FY2020 Grant

Strategic and Non-financial Priorities (Weight = 40%)		EPS (Weight = 30%)			Relative TSR against selected peer exchanges (Weight = 15%)		Relative TSR against Straits Times Index peer companies (Weight = 15%)	
Performance Level	Payout (% of base allocation)	Performance Level	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)
Exceeded	150%	Above Target	≥42 cents	150%	≥75 th percentile of peers	150%	≥75 th percentile of peers	150%
Met	100%	At Target	39 cents	100%	50 th percentile of peers	100%	50 th percentile of peers	100%
Partially Met	50%	Threshold	34 cents	50%	25 th percentile of peers	50%	25 th percentile of peers	50%
Not Met	Nil	Below Threshold	<34 cents	Nil	<25 th percentile of peers	Nil	<25 th percentile of peers	Nil

Remuneration Report

The extent to which the performance share awards will vest could range from 0% to 150%, depending on the achievement of performance targets in the respective performance periods. There shall be no award if the achievement falls below the threshold performance level. For an achievement between the “Threshold/Partially Met” and “Above Target/Exceeded” performance levels, the payout percentage will be pro-rated on a straight-line basis.

The SGX Deferred Long-Term Incentives Scheme

The SGX Deferred Long-Term Incentives Scheme (DLTIS) was approved by the RSDC in July 2006.

It recognises past contributions and services, and strengthens the Company’s ability to reward and retain high-performing recipients whose contributions are essential to the long-term growth of SGX.

The RSDC may decide to vest an award, wholly or partly, in SGX shares or in cash, based on the aggregate market value of shares on vesting date.

The shares are vested in three equal instalments over a period of three years with the first instalment vesting one year after grant date.

Restrictions

Unless otherwise decided by the RSDC, the entitlement to the award is conditional on the recipient remaining in service up to the specified vesting date.

Eligibility

Selected executives who have attained the rank of Assistant Vice President and above are eligible to be considered for the award under the scheme.

The SGX Restricted Share Plan

The SGX Restricted Share Plan (SGX RSP) was adopted at the annual general meeting of the Company held on 20 September 2018.

Through the SGX RSP, SGX will grant shares to the Group’s Non-Executive Directors (NEDs) as part of their remuneration in respect of their office as such in lieu of cash, or where, the RSDC deems appropriate, to give recognition to the contributions made or to be made by such Group NEDs to the success of the Group, in order to improve the alignment of the interests of Group NEDs with the interests of shareholders. The SGX RSP could also serve as an additional tool to recruit and retain Group employees whose contributions are essential to the long-term growth and profitability of the Group and to give recognition to outstanding Group employees who

have contributed to the growth of the Group. The SGX RSP will act as an enhancement to the Group’s overall ability to attract and retain high performing talent.

Restrictions

Group NEDs who are granted SGX RSP are required to have served on the Board of Directors for at least 12 months on the date of grant of the share awards. The grant will consist of fully paid shares with no performance conditions attached and no vesting period imposed. A moratorium on sale of such shares for a period up to one year after the grant of the award is imposed. The moratorium will be lifted if the NED steps down from the Board before the end of the moratorium period.

Eligibility

NEDs meeting the criteria set out under “Restrictions” are eligible to participate in the SGX RSP. Selected employees of the Group are eligible to be considered for the award under the SGX RSP.

Please refer to the Directors’ Statement on page 95 for the details of the share plans and grants to NEDs, senior management and employees.

Disclosure on Directors’ Remuneration

The table below shows the gross remuneration of the Executive Director of SGX for the financial year ended 30 June 2020.

Executive Director	Fixed pay ¹	Bonus for FY2020 ^{1,2}	Long-term incentives ³	Benefits-in-kind	Total gross Remuneration
	\$	\$	\$	\$	\$
Mr Loh Boon Chye	1,209,490	2,653,900	981,350	35,472	4,880,212

¹ Includes Employer CPF Contribution.

² The bonus was determined by the Board after taking into account the achievement of specific quantitative and qualitative targets and objectives set for FY2020.

³ Vesting of DLTIS award based on the fair value on grant date. The shares vested on 1 September 2019

Please refer to the Corporate Governance Report on page 64 for the details of the Non-Executive Directors’ remuneration.

Remuneration Report

Disclosure on Five Top-Earning Executives' Remuneration

The table below shows the gross remuneration of the five top-earning executives for the financial year ended 30 June 2020.

Executives	Fixed pay ¹	Bonus for FY2020 ^{1,2}	Ex-Gratia Payment	Long-term incentives ³	Benefits-in-kind	Total gross Remuneration
		\$	\$	\$	\$	\$
Lee Beng Hong ⁴	481,967	705,100	1,200,000	-	4,110	2,391,177
Tan Boon Gin	586,418	655,100	-	238,886	11,605	1,492,009
Chew Sutat	512,414	655,100	-	307,282	10,659	1,485,455
Syn Hsien-Min Michael	512,414	680,100	-	273,747	3,873	1,470,134
Chng Lay Chew	580,578	520,200	-	189,553	5,673	1,296,004

¹ Includes Employer CPF Contribution

² The bonuses for SGX senior management were determined by the RSDC after taking into account the achievement of the specific individual and organisational targets and objectives set for FY2020.

³ Vesting of FY2016 PSP and DLTIS awards based on the fair value on grant date. The shares vested on 1 September 2019.

⁴ Mr Lee Beng Hong joined SGX as Head of Fixed Income, Currencies and Commodities on 1 August 2019. Ex-gratia payment to him is subject to a clawback period of 3 years.

There were no retirement plans, severance/termination and post-employment benefits granted to Directors, the CEO and the five top-earning executives, except for the shares vested to Mr Lawrence Wong, who retired from SGX on 31 March 2018, as approved by the RSDC.

Benefits

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

Summary of Disclosures

Summary of Disclosures of CCG 2018

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the CCG 2018 in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the CCG 2018.

Board Matters

The Board's Conduct of Affairs

Principle 1

Provision 1.1	Page 53
Provision 1.2	Page 54
Provision 1.3	Page 53
Provision 1.4	Page 53
Provision 1.5	Page 59
Provision 1.6	Page 54
Provision 1.7	Page 55

Board Composition and Guidance

Principle 2

Provision 2.1	Page 55
Provision 2.2	Page 55
Provision 2.3	Page 56
Provision 2.4	Page 56
Provision 2.5	Page 57

Chairman and Chief Executive Officer

Principle 3

Provision 3.1	Page 60
Provision 3.2	Page 60
Provision 3.3	Page 60

Board Membership

Principle 4

Provision 4.1	Page 61
Provision 4.2	Page 61
Provision 4.3	Page 61
Provision 4.4	Page 61
Provision 4.5	Pages 18 to 23 and 62

Board Performance

Principle 5

Provision 5.1	Page 62
Provision 5.2	Page 63

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

Provision 6.1	Page 63
Provision 6.2	Page 63
Provision 6.3	Page 63
Provision 6.4	Page 75

Level and Mix of Remuneration

Principle 7

Provision 7.1	Page 63
Provision 7.2	Page 64
Provision 7.3	Pages 64, 79 and 80

Disclosure on Remuneration

Principle 8

Provision 8.1	Page 65
Provision 8.2	Page 65
Provision 8.3	Pages 64 and 65

Accountability and Audit

Risk Management and Internal Controls

Principle 9

Provision 9.1	Page 65
Provision 9.2	Page 66

Audit Committee

Principle 10

Provision 10.1	Pages 67 and 68
Provision 10.2	Page 67
Provision 10.3	Page 67
Provision 10.4	Page 68
Provision 10.5	Pages 69 and 70

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11

Provision 11.1	Page 73
Provision 11.2	Page 73
Provision 11.3	Pages 59 and 73
Provision 11.4	Page 73
Provision 11.5	Page 73
Provision 11.6	Page 74

Engagement with Shareholders

Principle 12

Provision 12.1	Page 74
Provision 12.2	Page 74
Provision 12.3	Page 74

Managing Stakeholders Relationships

Engagement with Stakeholders

Principle 13

Provision 13.1	Page 74
Provision 13.2	Pages 42 and 74
Provision 13.3	Page 74

Self-Regulatory Organisation Governance Report

Obligations

SGX is a front-line regulator, regulating market participants including listed companies, and trading and clearing members. At the same time, SGX is also a listed, for-profit entity with a widely distributed ownership and shareholder base. In balancing potential conflicts between these two roles, SGX is operating as a Self-Regulatory Organisation (SRO). We have rigorous regulatory standards in place, to ensure that any potential regulatory conflicts between our responsibilities as a regulator and as a listed company are adequately addressed.

Our regulatory activities are focused on:



Operating a fair, orderly and transparent market



Admitting high quality issuers and market intermediaries



Providing safe and efficient clearing and settlement facilities



Supporting the continuous development of SGX's markets and clearing houses

We achieve our objectives through stringent listing, trading and clearing rules. We apply strict admission criteria to our members, sponsors and their registered professionals and issuers to assure their quality and safeguard the integrity of the markets and clearing houses. Issuers must ensure the timely, accurate and adequate disclosure of material information. We also impose prudent financial requirements on our members and have robust default management processes. To ensure compliance with our rules, we conduct comprehensive ongoing supervision and surveillance and take enforcement action when necessary. We continually benchmark ourselves against developed jurisdictions and established international standards to improve our systems and processes.

The Role of Singapore Exchange Regulation (SGX RegCo) in Managing Regulatory Conflicts

The Monetary Authority of Singapore (MAS) directly regulates SGX in the discharge of our regulatory functions and our management of regulatory

conflicts. We have a strong governance framework in place to manage any potential, perceived or actual regulatory conflicts.

In addition, SGX RegCo was established as an independently governed subsidiary of SGX in 2017. This further enhances SGX's regulatory conflicts governance framework, as SGX RegCo is responsible for all regulatory functions on behalf of SGX and its regulated subsidiaries.

The SGX RegCo Board is responsible for ensuring that SGX RegCo, in the performance of its regulatory duties, exercises its judgment independently of SGX's business functions. The SGX RegCo Board is independent of the SGX Board and a majority of the SGX RegCo Board, including its chairperson, are independent of management and business relationships with SGX. All members of the SGX RegCo Board are also independent of companies listed on SGX-ST and member firms of the SGX Group. Appointments to the SGX RegCo Board are subject to MAS approval.

The SGX RegCo Chief Executive Officer reports exclusively to the SGX RegCo Board in relation to the performance of SGX RegCo's different functions. This direct line of reporting further strengthens the independence of SGX RegCo.

The formation of SGX RegCo and the nature of its independent board structure demonstrably segregates SGX's regulatory functions from SGX's commercial and operating activities.

One of SGX RegCo's functions is to formulate and maintain arrangements and processes within the SGX Group for managing potential, perceived or actual regulatory conflicts. The SGX RegCo Board is directly responsible for reviewing the adequacy of such arrangements, and is accountable to the MAS and the SGX Board in this regard.

The SGX RegCo Board decides on conflict cases as needed, reviews the regulatory implications of our strategic initiatives, and ensures that the plans, budget and resources of SGX RegCo remain adequate. The SGX RegCo Board reports to MAS and the SGX Board on its activities annually.

Being Sensitive to Market Needs

As a frontline market regulator, SGX RegCo is keenly aware of the need to be adaptable to changing market needs and situations. The recent COVID-19 pandemic was one such example where we were quick to adjust our policies and regulatory approach in response to the hardship faced by market professionals and our listed issuers. In view of widespread disruption caused by national lockdowns and the severe impact on supply chains and businesses, we proactively relaxed certain regulatory requirements temporarily and introduced new support measures to help our stakeholders and market participants.

1 Extension of Time for Financial Results Announcements and Annual General Meetings (AGMs)

As the COVID-19 situation developed, starting from China to become the full-blown pandemic and subsequent Circuit Breaker measures in Singapore, SGX RegCo responded quickly. Extensions of time were granted to companies with operations in China to hold their AGMs, and further rounds of extensions followed, culminating in AGM extensions for all companies affected by the shutdown. This measure recognised the difficulties faced by auditors in carrying out and completing year-end audits, as well as for companies which were unable to hold physical AGMs due to safe distancing measures.

2 Enabling Laws and Guidance on Virtual AGMs and Interim Dividends

As social distancing measures became stricter and prohibited physical meetings, SGX RegCo proactively engaged multiple government agencies to provide for purely virtual meetings. This culminated in the passing of a law in Parliament to permit alternative

modes of holding meetings, such as by video conference. To give companies more clarity and time to prepare, we published FAQs and guidance on the conduct of general meetings during this period. These included practical issues such as answering shareholders' questions, the voting process, communicating electronically with shareholders, and issuing interim dividends.

3 Enabling Electronic Dissemination of Rights Issue and Take-Over Documents

As concerns mounted about community transmission and workplace closures, SGX RegCo, together with MAS and the Securities Industry Council (SIC), introduced temporary measures to allow electronic dissemination of rights issue and take-over documents. This reduced the operational strain on companies undertaking such corporate actions.

4 Suspension of Entry into the Financial Watch-List

SGX RegCo suspended entry into the Financial Watch-List until 2021 to relieve the pressure on companies affected by the sudden deterioration of economic conditions.

5 Enhanced Share Issue Mandate Limit

To support companies that needed to recapitalise urgently, SGX RegCo temporarily increased the share issue mandate for Mainboard companies from 50% to 100% of their share capital, so that they can raise more funds.

6 Benchmarking and Training to Expedite Operational Readiness

SGX RegCo benchmarked retail members according to their business continuity plan (BCP) and operational status, in order to encourage all members to step up and expedite their readiness

for telecommuting with minimal disruption to their trading and clearing services. SGX RegCo also engaged external organisations like the Asia Securities Industry & Financial Markets Association (ASIFMA) and the Financial Services Information Sharing and Analysis Center (FS-ISAC) to share our expectations of members' BCP arrangements, heightened security alerts, and measures during these unprecedented times.

7 Increased Monitoring of Members

SGX RegCo stepped up monitoring of member firms, to ensure that they are financially sound and have BCPs in place. This includes stress-testing members' financial positions and expanding SGX RegCo's monitoring to include financials of members' affiliates and parent companies, given the volatility across global markets.

8 Electronic Submission of Listing Applications

In line with tightening social distancing measures, SGX RegCo allowed electronic submissions of listing applications in lieu of hard copy documents.

9 Contactless Default Management Procedures

SGX RegCo, together with other SGX units, put in place alternative contactless arrangements during the COVID-19 period to deal with potential member defaults in the securities market without face-to-face interactions.

10 Virtual Lodgement/Registration of Catalyst Offer Documents

SGX RegCo introduced virtual lodgement and registration of Catalyst offer documents in lieu of physical lodgement on Catalodge. Sponsors have already started lodging offers under this process.

Self-Regulatory Organisation Governance Report

Regulatory Activities

SGX RegCo closely monitors the disclosures of our listed companies and product issuers, and issues queries when further clarity is required. We diligently apply our administrative powers on listed companies and product issuers for all major disclosure failings, and closely monitor issuers with suspected financial irregularities. Where necessary and appropriate, we exercised our administrative powers during the year through the issuance of Notices of Compliance¹.



Stakeholder Engagement

We set and enforce regulation that assures a fair, orderly and transparent marketplace, as well as supports the overall advancement of our markets. To achieve this, we regularly assess existing requirements including those deemed as fundamental pillars of the market with a view of either adopting new frameworks and structures, or refining existing requirements.



¹ SGX RegCo may exercise its administrative powers by issuing a Notice of Compliance. The Notice contains requirements imposed on Relevant Persons that must be complied with. The requirements are definitive and calibrated to address the circumstances of each case. For more information, please refer to the Regulator’s Column on “What SGX RegCo does when it detects irregularities in a company” issued on 13 April 2018.

Taking a Targeted Approach

In FY2020, we continued our targeted approach to regulation. We demonstrated this through our calibration of policies to be more risk-based, and to concentrate our continuous disclosure and reporting requirements on higher-risk companies and areas of high investor interest. On the enforcement front, we enhanced our surveillance capabilities to cut through unnecessary noise, enabling us to focus on specific cases of concern. This enabled us to take proactive steps to disrupt market misconduct. We also established a dedicated whistle-blowing office to ensure that there is a confidential and dedicated channel for members of the public and investors to report any issues or areas of concern relating to SGX-listed issuers.

1 Risk-based Quarterly Reporting (QR)

SGX RegCo announced a risk-based approach for QR on 9 January 2020, following extensive market-wide consultation and discussions with the Corporate Governance Advisory Committee. SGX RegCo also enhanced the Practice Guidance to the Code of Corporate Governance as a counterweight to the QR changes. At the same time, SGX RegCo strengthened continuous disclosures requirements in targeted areas of high investor interest such as interested person transactions, significant financial assistance, significant acquisitions and disposals and secondary fundraising.

2 Review of the Minimum Trading Price (MTP) Framework

SGX RegCo removed the MTP framework on 1 June 2020 following a review that showed that SGX RegCo had sharper, more effective tools to address risks of

market manipulation. These tools include the Member Surveillance Dashboard, Trade Surveillance Handbooks and enhanced “Trade with Caution” alerts. The proposal to remove the MTP framework received overwhelming support from respondents during the public consultation.

3 Targeted Notices of Compliance (NOCs)

In FY2020, we issued 25 NOCs, requiring listed companies to comply with certain requirements, such as appointing a third-party professional to review internal controls, requiring companies to perform QR on an ongoing basis, and directing companies to provide specified disclosures to the market.

4 Regulatory Announcements for Special Audit Findings

In FY2020, SGX RegCo commenced a new protocol to release a public announcement in response to every special audit/independent review finding. The first such statement was released in March 2020, in relation to Tee International Limited’s External Investigator’s report. SGX RegCo intends to continue using this approach to set out its expectations of listed issuers, and draw attention to specific areas that issuers should take note of.

5 Use of Artificial Intelligence (AI) to Enhance Surveillance

SGX RegCo introduced AI enhancements to its real-time monitoring system in February 2020. The AI has helped to better isolate unusual activity, and eliminate false negatives in our surveillance reports. With the increased spike in market volatility and volumes in March 2020, the AI has reduced the level of

unnecessary noise in the market, and eased the burden on market participants by reducing the number of unnecessary trading queries.

6 Disruption of Trading Misconduct

To supplement our existing “Trade with Caution” alerts, SGX RegCo introduced further tools to disrupt and deter trading misconduct. In FY2020, we actively disrupted trading misconduct by placing restrictions on suspected trading accounts and announcing that we would ignore artificial prices for the purpose of calculations under the Listing Rules.

7 Launch of Whistle-Blowing Office (WBO)

SGX RegCo launched its WBO in January 2020, becoming the first exchange to establish a dedicated channel for the receipt, assessment and management of all whistle-blowing allegations relating to listed issuers. As at 30 June 2020, the WBO has received 29 whistle-blowing reports, and initiated investigation into possible disclosure breaches and governance issues for these reports.

We kept up our emphasis on swift and targeted action when dealing with potential breaches of our Listing Rules and errant companies. This is crucial in ensuring stakeholders continue to trust us and have confidence in our markets. We have commenced a review of our enforcement framework, and have recently proposed changes with a view of increasing the efficacy of our disciplinary and enforcement processes. We will also work closely with regulators and industry groups to take action against possible misconduct and to improve overall governance standards.

Self-Regulatory Organisation Governance Report

Raising Standards in Our Market Community

SGX RegCo has emphasised the importance of a community approach to market regulation. We recognise the essential role that professionals play in building trust and confidence in our markets. As such, we worked to raise standards across various groups of market professionals in FY2020, by enhancing our Listing Rules, introducing best practice guides, improving on existing frameworks and establishing partnerships.

1 Strengthening the Regulatory Regime for Property Valuation and Auditors

SGX RegCo published a consultation paper in January 2020 proposing rules to strengthen the accountability of auditors and raise property valuation standards. The proposal includes (i) a new requirement for all issuers to appoint an auditor registered with the Accounting and Corporate Regulatory Authority (ACRA); and (ii) the power to require appointment of a second auditor to review an issuer's financial statements in exceptional circumstances. We also proposed to prescribe minimum qualification criteria for property valuers, minimum standards for property valuation reports, and the disclosure of summary property valuation reports.

2 Clarifying the Roles and Responsibilities of Issue Managers

In January 2020, SGX RegCo effected Listing Rule enhancements to clarify the roles and responsibilities (including due diligence expectations), and independence, of issue managers. We also initiated a review of the Association of Banks in Singapore (ABS) Listings Due Diligence Guidelines together with the ABS Standing Committee on Corporate Finance. The review drew from observations of past listing applications to clarify due diligence standards expected of issue managers and full sponsors on certain key matters.

3 Publication of Best Practices Guide for Singapore Lawyers

SGX RegCo, in collaboration with the Law Society of Singapore (LawSoc), published a Best Practices Guide for Lawyers in June 2020. The guide recommends best practices for Singapore lawyers making submissions to SGX RegCo on behalf of listed issuers. It sets out the important role that lawyers play when making applications on behalf of listed issuers, and what is expected of lawyers in order to uphold the integrity of the securities market.

4 Amendment of Delisting Rules

Following public concerns from minority shareholders when an issuer delists, SGX RegCo amended its Listing Rules on 11 July 2019, to bolster investor protection for minority shareholders. We also issued a Regulator's Column to set out our expectations when an offeror is seeking to privatise an issuer through a general offer under the Singapore Code on Takeovers and Mergers.

5 Partnerships and Collaboration with Professional Bodies

To enhance the quality of valuation professionals who perform valuations on real estate and land, SGX RegCo entered into a memorandum of understanding (MOU) with the Singapore Institute of Surveyors and Valuers (SISV) in October 2019. Under the MOU, SGX RegCo may seek SISV's advice on any concerns about property valuation reports or disclosures made by listed companies or listing applicants on valuations. SISV will provide expert advice and support in reviewing whether property valuation reports are conducted and prepared in compliance with its valuation reporting guidelines. SGX RegCo can also refer valuations of concern to SISV, and will cooperate with SISV to set standards and guidance relating to real estate valuation and disclosures.

Report of the Independent Committees

SGX's systems to deal with potential conflicts of interests arising from its dual role as a front-line regulator of the market and a listed for-profit entity include the setting up of independent committees comprising the Listings Advisory Committee (LAC), Disciplinary Committee and Appeals Committee. To ensure the impartial and independent administration of their powers and duties, the members of the independent committees are not Directors, officers or employees of SGX or its related corporations.

The LAC provides advice on SGX's listing policies and Mainboard listing applications which involve novel or unprecedented issues, or where specialist expertise is required, or which involve matters of public interest, or when SGX is of the view that a referral is appropriate. The LAC comprises members with legal, accounting, corporate finance and market experience as well as representatives of the investment community.

The Disciplinary Committee and Appeals Committee provide independent and transparent adjudication of SGX rule breaches. Members of the Disciplinary and Appeals Committees have legal, accounting, corporate finance, market experience, as well as directorship experience in SGX-listed issuers.

The Disciplinary Committee hears charges brought by SGX against relevant persons for breaches of SGX's rules. Under the SGX trading rules and clearing rules, the Disciplinary Committee is able to impose a wide range of sanctions against trading or clearing members, their approved executive directors, trading representatives, approved traders and registered representatives including reprimands, fines, restrictions or conditions on activities, suspensions,

expulsions, requiring directors to step down from day-to-day conduct of the business affairs of a member and appointing a manager to manage a member's business. Under the SGX Listing Rules, the Listings Disciplinary Committee (which members are drawn from the Disciplinary Committee) can impose sanctions including reprimands, fines against issuers, sponsors and registered professionals, prohibiting issuers from raising funds through SGX, requiring the resignation of directors or executive officers, prohibiting issue managers from participating in any specific listing application on SGX, revocation or cancellation of an issue manager's accreditation, sponsor's authorisation or registered professional's registration, suspending the trading of an issuer's securities and removal of an issuer from the official list of the SGX-ST.

The Appeals Committee hears appeals by SGX or the party facing the charge, against the decisions of the Disciplinary Committee. The Listings Appeals Committee, apart from hearing appeals against decisions of the Listings Disciplinary Committee, additionally hears appeals against certain decisions of SGX made under the SGX Listing Rules. The decision of the Appeals Committee or Listings Appeals Committee is final.

The independent committees are supported by the Office of the Secretariat which manages the processes of the independent committees' meetings and hearings.

The operations of the independent committees and the Office of the Secretariat are funded separately by a Compliance Fund which is segregated from the rest of SGX's monies. In FY2020, the operating costs of the independent committees and the Office of the Secretariat amounted to \$654,199.

Listings Advisory Committee Annual Report

Note from the LAC Chairman

This is the LAC's fifth Annual Report that sets out our work done from 1 July 2019 to 30 June 2020.

In October 2019, Mr Gautam Banerjee stepped down from the LAC after serving as its inaugural Chairman since 2015. I assumed the role of Chairman with large shoes to fill. I wish to thank Mr Banerjee for guiding the LAC for the past four years, during which the LAC has provided valuable guidance for new listing policies and novel listing applications.

During this financial year, SGX referred one listing policy and one listing application to the LAC for its advice.

Policy Referral: Proposed Framework for Listing Applicants with Nexus to Sanctioned Nations

The issue of economic sanctions is a key business risk for companies with material international operations. SGX sought the LAC's advice on its proposed market guidance on this issue. SGX proposed a listings framework (the "**Framework**") setting out the considerations for suitability-to-list for applicants that have Principal Nexus¹ with countries, jurisdictions, or territories that are subject to sanctions-related laws or regulations ("**Sanctioned Nations**"). The LAC, under then-Chairman Mr Gautam Banerjee, reviewed the Framework with respect to whether the proposed safeguards to address sanctions risks were appropriate.

The LAC considered the safeguards imposed on a listing applicant at the point of listing, as well as the post-listing safeguards and continuing obligations under the Framework.

¹ **Principal Nexus** refers to a situation where the Issuer Group has principal operations, business activities, customers, suppliers and/or Relevant Persons that are located/incorporated in Sanctioned Nation(s).

Issuer Group refers to the issuer, its subsidiaries and associated companies.

Relevant Person refers to any substantial shareholder, director or executive officer of any Issuer Group entity.

Report of the Independent Committees

The LAC assessed SGX's rationale for the threshold for gauging higher sanctions risk exposure, which warrants additional safeguards on the applicant. The LAC also considered concerns about the impact to investors if issuers were to be affected by sanctions post-listing, and whether exit options would be possible. It was noted that there would be obligations on issuers to immediately announce any sanctions and to remediate, but if remediation was not possible, then a suspension or delisting would be necessary. Lastly, the LAC recommended that SGX provide more clarity to market participants about the scope of sanctions for which due diligence must be conducted, and the types of control measures to protect against sanctions risks. SGX took in this feedback.

After reviewing the proposed Framework, the LAC agreed that the proposed safeguards to address sanctions risks were appropriate. Further details may be found in the LAC's Grounds of Decision, which is available on the SGX Website.

Listing Applicant Referral

In the next case, SGX sought the LAC's views in relation to a potential listing applicant pursuant to Listing Rule 110(4)(a), wherein a listing application may be referred to the LAC when novel or unprecedented issues are involved. In this case, the listing applicant (the "Company") had a dual class share ("DCS") structure and sought a secondary listing of its Depository Shares ("DS") on the SGX Mainboard. The key issues set before the LAC were:

- (i) whether the LAC agreed with the non-applicability of Listing Rule 210(10) in this proposed listing; and
- (ii) whether the LAC had concerns about the Company's listing of DS as opposed to shares.

The LAC noted that Listing Rule 210(10), which sets out requirements for DCS primary listings, would not apply because, as clarified by SGX in July 2017, DCS companies with a primary listing in a Developed Market² could already list on the SGX-ST under SGX's Regulatory Framework for Secondary Listings (the "Secondary Listings Framework"), without having to comply with any additional SGX continuing listing requirements³. Under the Secondary Listings Framework, the home regulators in Developed Markets are assessed to have adequate regulatory frameworks to ensure compliance with the relevant laws and regulations, and to pursue breaches if necessary. The LAC considered that the risks of DCS have been extensively communicated to the market since the DCS framework was introduced in 2018, and investors are aware of the risks. Therefore, the LAC had no objections to the non-applicability of Listing Rule 210(10) by operation of the Secondary Listings Framework. The LAC agreed that the proposed DCS disclosures in the Company's Introductory Document were sufficient safeguards.

However, the LAC had concerns about the Company's proposed listing of DS as opposed to shares. The LAC felt that a secondary listing of DS in Singapore would be a novel issue, as local retail investors would not be familiar with the structure and risks of DS. To address this concern, the LAC recommended additional safeguards if DS were to be listed: (i) appropriate investor education should be conducted for local retail investors, (ii) the risk factor disclosures in the Introductory Document should be sufficiently expansive and with detailed coverage of the relevant risk scenarios, and (iii) disclosures may need to be made in the Introductory Document on any

operational hindrances to investors in Singapore in exercising their rights as DS holders, as compared to an investor in the jurisdiction of the Company's primary listing.

The Grounds of Decisions of the LAC in relation to this referral case is available on the SGX Website.

Acknowledgments

My transition into the role of LAC Chairman would not have been as smooth as it has been without the keen participation and astute views from Deputy Chairman, Professor Hans Tjio, and the fellow distinguished LAC members during our meetings.

I thank Deputy Chairman, Professor Hans Tjio, and all the members of the LAC for their contributions in FY2020, and look forward to working with the committee to continue to uphold the integrity and robustness of Singapore's capital markets.

Mr Tham Sai Choy Chairman

SGX Listings Advisory Committee

² As defined in SGX RegCo's Regulatory Framework for Secondary Listings.

³ Although secondary listing issuers must make continuous disclosures via SGXNet.

Listings Advisory Committee Members

During FY2020, Mr Gautam Banerjee stepped down from his role as LAC Chairman. Mr Tham Sai Choy was appointed as the next Chairman.

The members of the LAC in FY2020 were:

No.	Name	Position	Title
1	Mr Gautam Banerjee	Chairman (until 6 October 2019)	<ul style="list-style-type: none"> Chairman, Blackstone Singapore Pte Ltd Former Executive Chairman, PricewaterhouseCoopers Singapore
2	Mr Tham Sai Choy	Chairman (from 7 October 2019)	<ul style="list-style-type: none"> Chairman, Singapore Institute of Directors
3	Professor Hans Tjio	Deputy Chairman	<ul style="list-style-type: none"> Director, EW Barker Centre for Law and Business, National University of Singapore Member, Securities Industry Council
4	Mrs Fang Ai Lian	Member	<ul style="list-style-type: none"> Adviser, Far East Organization Former Managing Partner, Ernst & Young LLP
5	Mr David Gerald	Member	<ul style="list-style-type: none"> Founder, President and Chief Executive Officer, Securities Investors Association (Singapore)
6	Mr Goh Kian Hwee	Member	<ul style="list-style-type: none"> Joint Group Managing Director, QAF Limited Former Senior Partner, Rajah & Tann Singapore LLP
7	Mr Subramaniam Iyer	Member	<ul style="list-style-type: none"> Founder and Director, S2K2 Advisory (operating as SmartKapital)
8	Mr Derek Lau	Member	<ul style="list-style-type: none"> Chief Executive Officer, Heliconia Capital Management Pte. Ltd.
9	Mr Lionel Lee	Member	<ul style="list-style-type: none"> Non-Executive Director, Ezra Holdings Limited CEO and Director of Raimon Land Public Company
10	Mr Daryl Liew	Member	<ul style="list-style-type: none"> Co-Chairman, Advocacy Committee, CFA Society Singapore CIO, REYL Singapore Pte Ltd
11	Mrs Margaret Lui	Member	<ul style="list-style-type: none"> Chief Executive Officer, Azalea Investment Management Pte Ltd
12	Mr Mak Lye Mun	Member	<ul style="list-style-type: none"> Advisor to Group CEO, CIMB Group Holdings Berhad
13	Mr Ronald Ong	Member	<ul style="list-style-type: none"> Chairman and Chief Executive Officer, Southeast Asia, Morgan Stanley Asia (Singapore) Pte.
14	Mr Soon Tit Koon	Member	<ul style="list-style-type: none"> Independent Director, Great Eastern Holdings Limited Independent Director, SPH REIT Management Pte. Ltd.
15	Mr Toh Teng Peow David	Member	<ul style="list-style-type: none"> Director and Chief Technology Officer, Nanyang Technological University-NTUitive Pte. Ltd. Independent Director, iFAST Corporation Ltd.
16	Ms Tracey Woon	Member	<ul style="list-style-type: none"> Vice Chairman, Asia Pacific, Global Wealth Management, UBS AG

Report of the Independent Committees

Disciplinary and Appeals Committee Report

There were no Disciplinary Committee or Appeals Committee hearings in FY2020.

Expansion of Disciplinary and Appeals Committees

In FY2020, SGX initiated two proceedings for breaches of the Listing Rules. However, significant difficulty was

encountered in satisfying the quorum requirements under the Listing Rules. A number of Disciplinary Committee members were ineligible due to conflicts of interests arising from professional or personal relationships.

To remediate the issue, the Disciplinary Committee was expanded by recruiting four new members as well as inviting members of the Appeals Committee panel to join the

Disciplinary Committee panel. The Appeals Committee panel was likewise expanded to include members from the Disciplinary Committee panel. A Disciplinary Committee member who hears a case before the Disciplinary Committee will not be eligible to form the Appeals Committee for the same matter. The Chairs of the Disciplinary Committee and Appeals Committee continue to serve exclusively on their respective committees.

Disciplinary Committee Members

During FY2020, Mr Hemant Bhatt, Mr Paul Davies and Mr Francis Mok completed their ninth year of service on the Disciplinary Committee and retired as members. Mr Colin Ng also stepped down as a long-serving member. Four new members were recruited, namely, Mr Lok Vi Ming, S.C., Mr Sushil Sukumaran Nair, Mr Harpreet Singh Nehal, S.C. and Ms Karen Venetia Tiah Penh. In addition, three existing members of the Appeals Committee panel, Mr Kan Yut Keong, Benjamin, Mr Michael Smith and Mr Quek Suan Kiat joined the Disciplinary Committee panel.

The members of the Disciplinary Committee in FY2020 were:

No.	Name	Position	Title
1	Mr Eric Ang Teik Lim	Co-Chairman	<ul style="list-style-type: none"> Former Senior Executive Advisor, DBS Bank Ltd Former Head of Capital Markets, DBS Bank Ltd
2	Mr Cavinder Bull, S.C.	Co-Chairman	<ul style="list-style-type: none"> Chief Executive Officer, Drew & Napier LLC
3	Mr Tan Chong Huat	Deputy Chairman	<ul style="list-style-type: none"> Senior Partner, RHTLaw Asia LLP Non-Executive Chairman, RHT Group of Companies
4	Ms Cheng Ai Phing	Member	<ul style="list-style-type: none"> Director, GIG Consulting Pte Ltd Council Member, Accounting Standards Council Independent Director, Citibank Singapore Limited, ARA Asset Management (Fortune) Limited and KBS US Prime Property Management Pte Ltd Former Senior Partner, Deloitte & Touche LLP
5	Mr George Lee	Member	<ul style="list-style-type: none"> Lead Independent Director, Bumitama Agri Ltd. Independent Director, RE&S Holdings Limited Former Adviser, OCBC Bank (Malaysia) Berhad Former Head of Global Corporate Banking and former Head of Global Investment Banking, OCBC Bank Ltd
6	Mr Soh Gim Teik	Member	<ul style="list-style-type: none"> Partner, Finix Corporate Advisory LLP
7	Dr Tommy Tan	Member	<ul style="list-style-type: none"> Chief Executive Officer, Co-Founder, TC Capital Pte Ltd
8	Mr Teyu Che Chern	Member	<ul style="list-style-type: none"> Chief Executive Officer, Phillip Futures Pte Ltd Executive Director, Phillip Securities Pte Ltd
9	Mr Lucas Tran	Member	<ul style="list-style-type: none"> Partner, KPMG LLP
10	Ms Yeoh Choo Guan	Member	<ul style="list-style-type: none"> Managing Director, UBS AG and Chief Executive Officer, UBS Securities Pte. Ltd.
11	Mr Hemant Bhatt	Member (until 10 November 2019)	<ul style="list-style-type: none"> Chief Executive Officer – Downstream & Commercial, Golden Agri-Resources Ltd
12	Mr Paul Davies	Member (until 10 November 2019)	<ul style="list-style-type: none"> Former Managing Director of Goldman Sachs Futures Pte. Ltd.

No.	Name	Position	Title
13	Mr Francis Mok Lip Wee	Member (until 10 November 2019)	<ul style="list-style-type: none"> Partner, Allen & Gledhill LLP
14	Mr Colin Ng Teck Sim	Member (until 19 February 2020)	<ul style="list-style-type: none"> Former Executive Chairman and Founder, Colin Ng & Partners LLP
15	Mr Lok Vi Ming, S.C.	Member (from 11 November 2019)	<ul style="list-style-type: none"> Managing Director, LVM Chambers
16	Mr Sushil Sukumaran Nair	Member (from 11 November 2019)	<ul style="list-style-type: none"> Deputy CEO, Drew & Napier LLC
17	Mr Harpreet Singh Nehal, S.C.	Member (from 11 November 2019)	<ul style="list-style-type: none"> Managing Partner, Audent Chambers LLC
18	Ms Karen Venetia Tiah Penh	Member (from 11 November 2019)	<ul style="list-style-type: none"> Partner, Allen & Gledhill LLP
19	Mr Kan Yut Keong, Benjamin	Member (from 3 April 2020)	<ul style="list-style-type: none"> Managing Director, Cornerstone Advisors Pte. Ltd. Commissioner and Chairman of Audit Committee, Competition Commission of Singapore Member, Securities Industry Council Independent Director, Nam Cheong Limited Independent Director and Chairman of Audit Committee, PropNex Limited Former Managing Director, PricewaterhouseCoopers Corporate Finance Pte Ltd Former Partner, PricewaterhouseCoopers Singapore
20	Mr Michael Smith	Member (from 3 April 2020)	<ul style="list-style-type: none"> Regional Chief Executive Officer, Europe and USA, Mapletree Investments Pte Ltd
21	Mr Quek Suan Kiat	Member (from 3 April 2020)	<ul style="list-style-type: none"> Director, National Environment Agency Former Vice Chairman, Barclays Bank Plc Singapore Branch

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Appeals Committee Members

During FY2020, Mr Lim How Teck completed his ninth year of service on the Appeals Committee and retired as a member. Four new members were added, namely, Mr Lok Vi Ming, S.C., Mr Sushil Sukumaran Nair, Mr Harpreet Singh, S.C. and Ms Karen Venetia Tiah Penh. In addition, seven existing members of the Disciplinary Committee panel, Mr Tan Chong Huat, Ms Cheng Ai Phing, Mr Soh Gim Teik, Dr Tommy Tan, Mr Teyu Che Chern, Mr Lucas Tran and Ms Yeoh Choo Guan joined the Appeals Committee panel.

The members of the Appeals Committee in FY2020 were:

No.	Name	Position	Title
1	Mr Francis Xavier, S.C., PBM	Chairman	<ul style="list-style-type: none"> Regional Head, Dispute Resolution, Rajah & Tann Singapore LLP
2	Mr Chan Leng Sun, S.C.	Deputy Chairman	<ul style="list-style-type: none"> Senior Counsel and Chartered Arbitrator, Essex Court Chambers Duxton (Singapore Group Practice) Deputy Chairman, Singapore International Arbitration Centre
3	Mr Kan Yut Keong, Benjamin	Member	<ul style="list-style-type: none"> Managing Director, Cornerstone Advisors Pte. Ltd. Commissioner and Chairman of Audit Committee, Competition Commission of Singapore Member, Securities Industry Council Independent Director, Nam Cheong Limited Independent Director and Chairman of Audit Committee, PropNex Limited Former Managing Director, PricewaterhouseCoopers Corporate Finance Pte Ltd Former Partner, PricewaterhouseCoopers Singapore

Report of the Independent Committees

No.	Name	Position	Title
4	Mr Michael Smith	Member	<ul style="list-style-type: none"> Regional Chief Executive Officer, Europe and USA, Mapletree Investments Pte Ltd
5	Mr Quek Suan Kiat	Member	<ul style="list-style-type: none"> Director, National Environment Agency Former Vice Chairman, Barclays Bank Plc Singapore Branch
6	Mr Lim How Teck	Member (until 31 March 2020)	<ul style="list-style-type: none"> Chairman, Redwood International Pte Ltd Chairman, Heliconia Capital Management Pte. Ltd Chairman, ARA-CWT Trust Management (Cache) Limited
7	Ms Cheng Ai Phing	Member (from 3 April 2020)	<ul style="list-style-type: none"> Director, GIG Consulting Pte Ltd Council Member, Accounting Standards Council Independent Director, Citibank Singapore Limited, ARA Asset Management (Fortune) Limited and KBS US Prime Property Management Pte Ltd Former Senior Partner, Deloitte & Touche LLP
8	Mr Lok Vi Ming, S.C.	Member (from 3 April 2020)	<ul style="list-style-type: none"> Managing Director, LVM Chambers
9	Mr Sushil Sukumaran Nair	Member (from 3 April 2020)	<ul style="list-style-type: none"> Deputy CEO, Drew & Napier LLC
10	Mr Harpreet Singh Nehal, S.C.	Member (from 3 April 2020)	<ul style="list-style-type: none"> Managing Partner, Audent Chambers LLC
11	Mr Soh Gim Teik	Member (from 3 April 2020)	<ul style="list-style-type: none"> Partner, Finix Corporate Advisory LLP
12	Mr Tan Chong Huat	Member (from 3 April 2020)	<ul style="list-style-type: none"> Senior Partner, RHTLaw Asia LLP Non-Executive Chairman, RHT Group of Companies
13	Dr Tommy Tan	Member (from 3 April 2020)	<ul style="list-style-type: none"> Chief Executive Officer, Co-Founder, TC Capital Pte Ltd
14	Mr Teyu Che Chern	Member (from 3 April 2020)	<ul style="list-style-type: none"> Chief Executive Officer, Phillip Futures Pte Ltd Executive Director, Phillip Securities Pte Ltd
15	Ms Karen Venetia Tiah Penh	Member (from 3 April 2020)	<ul style="list-style-type: none"> Partner, Allen & Gledhill LLP
16	Mr Lucas Tran	Member (from 3 April 2020)	<ul style="list-style-type: none"> Partner, KPMG LLP
17	Ms Yeoh Choo Guan	Member (from 3 April 2020)	<ul style="list-style-type: none"> Managing Director, UBS AG and Chief Executive Officer, UBS Securities Pte. Ltd.



Financials

Financials

- 94 Directors' Statement
- 111 Independent Auditor's Report
- 116 Statement of Comprehensive Income
- 118 Statement of Financial Position
- 120 Consolidated Statement of Changes in Equity
- 124 Statement of Changes in Equity
- 126 Consolidated Statement of Cash Flows
- 127 Notes to the Financial Statements

Others

- 218 Statistics of Shareholdings
- 220 Notice of Annual General Meeting
- 228 Supplemental Information



Financials

Directors' Statement

For the financial year ended 30 June 2020

The directors present their statement to the shareholders together with the audited financial statements of Singapore Exchange Limited ("the Company" or "SGX") and its subsidiaries ("the Group") for the financial year ended 30 June 2020.

In the opinion of the directors,

- (a) the financial statements set out on pages 116 to 217 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and the financial performance, changes in equity of the Group and of the Company, and the cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Mr Kwa Chong Seng	(Chairman)
Mr Loh Boon Chye	(Chief Executive Officer)
Mr Thaddeus Beczak	
Dr Beh Swan Gin	(Appointed on 1 February 2020)
Ms Chew Gek Khim	
Ms Jane Diplock AO	
Mr Kevin Kwok	
Mr Lim Chin Hu	
Ms Lim Sok Hui (Mrs Chng Sok Hui)	
Mr Ng Wai King	
Professor Subra Suresh	

Arrangements to enable directors to acquire shares and debentures

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

Directors' Statement

For the financial year ended 30 June 2020

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares registered in name of director or nominee		Number of ordinary shares in which director is deemed to have an interest	
	At 30.06.2020	At 01.07.2019	At 30.06.2020	At 01.07.2019
Singapore Exchange Limited				
Mr Kwa Chong Seng	79,939	51,963	-	-
Mr Loh Boon Chye	274,666	134,032	-	-
Ms Chew Gek Khim	4,833	2,577	-	-
Ms Jane Diplock AO	4,833	2,577	-	-
Mr Kevin Kwok	24,833	22,577	70,000	70,000
Mr Lim Chin Hu	39,833	22,577	-	-
Mr Ng Wai King	2,256	-	-	-
Professor Subra Suresh	2,256	-	-	-

- (b) According to the register of directors' shareholdings,
- seven non-executive directors holding office at the end of the financial year had interests in the shares of the Company granted pursuant to SGX Restricted Share Plan; and
 - one executive director holding office at the end of the financial year had interests in the shares of the Company granted pursuant to SGX Performance Share Plan; and SGX Deferred Long-Term Incentives Scheme as set out below:

Subject to the terms and conditions of the SGX Performance Share Plan and SGX Deferred Long-Term Incentives Scheme, 880,734 shares granted to Loh Boon Chye will vest between 1 September 2020 and 1 September 2023.

- (c) There was no change in any of the abovementioned interests in the Company or in related corporations between the end of the financial year and 21 July 2020.

Share plans

The Company offers the following share plans administered by the Remuneration & Staff Development Committee ("RSDC"):

- SGX Performance Share Plan;
- SGX Deferred Long-Term Incentives Scheme; and
- SGX Restricted Share Plan.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(a) SGX Performance Share Plan

The current SGX Performance Share Plan ("SGX PSP 2015") was adopted at the annual general meeting of the Company held on 23 September 2015. Through the SGX PSP 2015, the Company recognises and rewards key senior management for achievements and contributions to the SGX Group and motivates them to continue to strive for the SGX Group's long-term prosperity, and at the same time meet guidelines on the deferral of employees' variable compensation in line with prevailing regulatory requirements. In addition, the SGX PSP 2015 aims to foster an ownership culture which aligns the interest of employees with the interest of shareholders.

Eligibility

Senior management having rank of Senior Vice President and above, and selected senior management having rank of Vice President, job grade 2, who have been in the full time employment of the SGX Group for a period of at least 12 months (or such shorter period as the RSDC may determine), are eligible to participate in the SGX PSP 2015.

Fully paid SGX shares, their equivalent cash value or combinations thereof will be awarded and vest, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period(s). The amount released, if in the form of cash, is based on the market value of such shares on vesting date.

Unless otherwise decided by the RSDC, the entitlement to this award is conditional on the participant remaining in service up to the specified vesting date.

Restrictions

The total number of new SGX shares which may be issued pursuant to awards granted under SGX PSP 2015 on any date, when added to the total number of new shares issued and issuable in respect of all awards granted, shall not exceed 10% of SGX's issued share capital on the day preceding the relevant date of award.

For grants under SGX PSP 2015, the vesting period is four years and any shares that have been released to the participants are not subject to a retention period.

Share grant and vesting

The RSDC approves all grants, and has absolute discretion in the granting and award of performance shares.

(i) FY2016 Grant under SGX PSP 2015

The number of SGX shares to be awarded to each participant is based on the achievement of prescribed performance targets over a three-year performance period from 1 July 2015 to 30 June 2018. The performance targets were not met and accordingly, no performance shares vested on 1 September 2019.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(a) SGX Performance Share Plan (continued)

Share grant and vesting (continued)

(i) FY2016 Grant under SGX PSP 2015 (continued)

The details of shares granted to the participants are as follows.

Participants (as defined under SGX Performance Share Plan)	Shares granted at grant date	Balance as at 01.07.2019	Shares lapsed during the financial year	Balance as at 30.06.2020
Executive Management Committee ("EMCO") members				
Mr Chew Sutat ⁽¹⁾	37,800	37,800	(37,800)	-
Mr Syn Hsien-Min Michael ⁽¹⁾	34,700	34,700	(34,700)	-
Mr Chng Lay Chew	22,800	22,800	(22,800)	-
Ms Agnes Koh	15,100	15,100	(15,100)	-
Mr Arulraj Maria Devadoss	14,200	14,200	(14,200)	-
Ms Tinku Gupta	13,200	13,200	(13,200)	-
Other staff	264,600	200,200	(200,200)	-
Other participants				
Mr Muthukrishnan Ramaswami ⁽¹⁾⁽²⁾	53,600	53,600	(53,600)	-
Mr Timothy Utama ⁽¹⁾⁽³⁾	31,500	-	-	-
	487,500	391,600	(391,600)	-

⁽¹⁾ Received more than 5% of the shares granted.

⁽²⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019.

⁽³⁾ Mr Timothy Utama resigned as SGX's Chief Operations and Technology Officer and his last day of service was 31 March 2016. All his unvested shares lapsed at the end of his employment.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(a) SGX Performance Share Plan (continued)

Share grant and vesting (continued)

(ii) FY2017 Grant under SGX PSP 2015

The number of SGX shares to be awarded to each participant will be based on the achievement of prescribed performance targets over a three-year performance period from 1 July 2016 to 30 June 2019. An estimated 161,000 performance shares will vest on 1 September 2020.

The details of shares granted to the participants are as follows. No shares lapsed during the financial year.

Participants (as defined under SGX Performance Share Plan)	Shares granted at grant date	Balance as at 01.07.2019 and 30.06.2020 ⁽¹⁾
EMCO members		
Mr Loh Boon Chye ⁽²⁾	133,100	133,100
Mr Chew Sutat ⁽²⁾	41,600	41,600
Mr Syn Hsien-Min Michael ⁽²⁾	39,900	39,900
Mr Chng Lay Chew	25,800	25,800
Mr Tan Boon Gin	25,800	25,800
Ms Agnes Koh	21,600	21,600
Ms Tinku Gupta	16,000	16,000
Mr Arulraj Maria Devadoss	15,000	15,000
Other staff	280,100	225,900
Other participant		
Mr Muthukrishnan Ramaswami ⁽²⁾⁽³⁾	59,900	59,900
	658,800	604,600

⁽¹⁾ Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

⁽²⁾ Received more than 5% of the shares granted.

⁽³⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019. As approved by the RSDC, he will continue to be eligible to receive the grant at the vesting date, subject to the level of achievement against the performance conditions.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(a) SGX Performance Share Plan (continued)

Share grant and vesting (continued)

(iii) FY2018 Grant under SGX PSP 2015

The number of SGX shares to be awarded to each participant will be based on the achievement of prescribed performance targets over a three-year performance period from 1 July 2017 to 30 June 2020. The performance shares will vest on 1 September 2021.

The details of shares granted to the participants are as follows. No shares lapsed during the financial year.

Participants (as defined under SGX Performance Share Plan)	Shares granted at grant date	Balance as at 01.07.2019 and 30.06.2020 ⁽¹⁾
EMCO members		
Mr Loh Boon Chye ⁽²⁾	135,900	135,900
Mr Chew Sutat ⁽²⁾	42,500	42,500
Mr Syn Hsien-Min Michael ⁽²⁾	36,700	36,700
Mr Tan Boon Gin ⁽²⁾	34,000	34,000
Mr Chng Lay Chew	26,300	26,300
Ms Agnes Koh	22,100	22,100
Ms Tinku Gupta	22,100	22,100
Mr Arulraj Maria Devadoss	16,100	16,100
Other staff	264,700	228,100
Other participant		
Mr Muthukrishnan Ramaswami ⁽²⁾⁽³⁾	57,800	57,800
	658,200	621,600

⁽¹⁾ Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

⁽²⁾ Received more than 5% of the shares granted.

⁽³⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019. As approved by the RSDC, he will continue to be eligible to receive the grant at the vesting date, subject to the level of achievement against the performance conditions.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(a) SGX Performance Share Plan (continued)

Share grant and vesting (continued)

(iv) FY2019 Grant under SGX PSP 2015

The number of SGX shares to be awarded to each participant will be based on the achievement of prescribed performance targets over a three-year performance period from 1 July 2018 to 30 June 2021. The performance shares will vest on 1 September 2022.

The details of shares granted to the participants are as follows. No shares lapsed during the financial year.

Participants (as defined under SGX Performance Share Plan)	Shares granted at grant date	Balance as at 01.07.2019 and 30.06.2020 ⁽¹⁾
EMCO members		
Mr Loh Boon Chye ⁽²⁾	152,900	152,900
Mr Chew Sutat ⁽²⁾	48,000	48,000
Mr Tan Boon Gin ⁽²⁾	42,600	42,600
Mr Syn Hsien-Min Michael ⁽²⁾	41,200	41,200
Mr Chng Lay Chew	29,400	29,400
Ms Agnes Koh	24,800	24,800
Ms Tinku Gupta	24,800	24,800
Mr Arulraj Maria Devadoss	17,400	17,400
Other staff	252,900	252,900
Other participant		
Mr Muthukrishnan Ramaswami ⁽²⁾⁽³⁾	62,500	62,500
	696,500	696,500

⁽¹⁾ Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

⁽²⁾ Received more than 5% of the shares granted.

⁽³⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019. As approved by the RSDC, he will continue to be eligible to receive the grant at the vesting date, subject to the level of achievement against the performance conditions.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(a) SGX Performance Share Plan (continued)

Share grant and vesting (continued)

(v) FY2020 Grant under SGX PSP 2015

The number of SGX shares to be awarded to each participant will be based on the achievement of prescribed performance targets over a three-year performance period from 1 July 2019 to 30 June 2022. The performance shares will vest on 1 September 2023.

The details of shares granted to the participants are as follows. No shares lapsed during the financial year.

Participants (as defined under SGX Performance Share Plan)	Shares granted at grant date	Balance as at 30.06.2020 ⁽¹⁾
EMCO members		
Mr Loh Boon Chye ⁽²⁾	155,800	155,800
Mr Syn Hsien-Min Michael ⁽²⁾	46,200	46,200
Mr Chew Sutat ⁽²⁾	40,300	40,300
Mr Tan Boon Gin ⁽²⁾	39,000	39,000
Mr Chng Lay Chew	29,200	29,200
Ms Tinku Gupta	25,600	25,600
Ms Agnes Koh	25,000	25,000
Mr Arulraj Maria Devadoss	17,000	17,000
Other staff	274,500	274,500
Other participant		
Mr Muthukrishnan Ramaswami ⁽²⁾⁽³⁾	58,400	58,400
	711,000	711,000

⁽¹⁾ Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

⁽²⁾ Received more than 5% of the shares granted.

⁽³⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019. As approved by the RSDC, he will continue to be eligible to receive the grant at the vesting date, subject to the level of achievement against the performance conditions.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(a) SGX Performance Share Plan (continued)

Share grant and vesting (continued)

(vi) Summary of SGX Performance Share Plan under SGX PSP 2015

The summary of the total number of shares granted, lapsed, vested and outstanding as at 30 June 2020 is as follows:

	Shares granted during financial year	Aggregated shares granted since commencement of SGX Performance Share Plan to 30.06.2020	Aggregated shares lapsed since commencement of SGX Performance Share Plan to 30.06.2020	Aggregated shares vested since commencement of SGX Performance Share Plan to 30.06.2020	Aggregate shares outstanding as at 30.06.2020
Participants who received more than 5% of the total grants available					
Mr Loh Boon Chye	155,800	577,700	-	-	577,700
Mr Muthukrishnan Ramaswami	58,400	292,200	(53,600)	-	238,600
Mr Chew Sutat	40,300	210,200	(37,800)	-	172,400
Mr Syn Hsien-Min Michael	46,200	198,700	(34,700)	-	164,000
Participants who received less than 5% of the total grants available					
Other staff	410,300	1,933,200	(452,200)	-	1,481,000
	711,000	3,212,000	(578,300)	-	2,633,700

(b) SGX Deferred Long-Term Incentives Scheme

The SGX Deferred Long-Term Incentives Scheme ("SGX DLTIS") was approved by the RSDC in July 2006. The objectives of the SGX DLTIS is to retain key employees whose contributions are essential to the long-term growth and profitability of the SGX Group and attract potential employees with relevant skills to contribute to the SGX Group and to create value for its shareholders.

Eligibility

Employees having the rank of Assistant Vice President and above, and have been in the continuous employment of the SGX Group for at least one year as at the date of award, are eligible to participate in the SGX DLTIS.

Fully paid SGX shares, their equivalent cash value or combinations thereof will be awarded to eligible employees and vest upon expiry of the prescribed vesting period(s). The amount released, if in the form of cash, is based on the market value of such shares on vesting date.

Unless otherwise decided by the RSDC, the entitlement to the award is conditional on the recipient remaining in service up to the specified vesting date.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(b) SGX Deferred Long-Term Incentives Scheme (continued)

Share grant and vesting

(i) FY2017 Award

The FY2017 Award is in the form of SGX shares and the award vested in three equal instalments over a period of three years. The first instalment of this award vested on 1 September 2017 and the final instalment vested on 2 September 2019.

The details of shares awarded are as follows:

	Shares awarded at grant date	Balance as at 01.07.2019	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2020
Recipients (as defined under SGX Deferred Long-Term Incentives Scheme)					
EMCO members					
Mr Loh Boon Chye ⁽¹⁾	133,100	44,368	-	(44,368)	-
Mr Chew Sutat	41,600	13,868	-	(13,868)	-
Mr Syn Hsien-Min Michael	39,900	13,300	-	(13,300)	-
Mr Chng Lay Chew	25,800	8,600	-	(8,600)	-
Mr Tan Boon Gin	25,800	8,600	-	(8,600)	-
Ms Agnes Koh	21,600	7,200	-	(7,200)	-
Ms Tinku Gupta	16,000	5,334	-	(5,334)	-
Mr Arulraj Maria Devadoss	15,000	5,000	-	(5,000)	-
Other staff	737,000	203,074	(1,034)	(202,040)	-
Other recipient					
Mr Muthukrishnan Ramaswami ⁽¹⁾⁽²⁾	59,900	19,968	-	(19,968)	-
	1,115,700	329,312	(1,034)	(328,278)	-

⁽¹⁾ Received more than 5% of the shares awarded.

⁽²⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(b) SGX Deferred Long-Term Incentives Scheme (continued)

Share grant and vesting (continued)

(ii) FY2018 Award

The FY2018 Award is in the form of SGX shares. The award will vest in three equal instalments over a period of three years with the first instalment vested on 3 September 2018.

The details of shares awarded are as follows:

	Shares awarded at grant date	Balance as at 01.07.2019	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2020
Recipients (as defined under SGX Deferred Long-Term Incentives Scheme)					
EMCO members					
Mr Loh Boon Chye ⁽¹⁾	135,900	90,600	–	(45,300)	45,300
Mr Chew Sutat	42,500	28,334	–	(14,166)	14,168
Mr Syn Hsien-Min Michael	36,700	24,467	–	(12,233)	12,234
Mr Tan Boon Gin	34,000	22,667	–	(11,333)	11,334
Mr Chng Lay Chew	26,300	17,534	–	(8,766)	8,768
Ms Agnes Koh	22,100	14,734	–	(7,366)	7,368
Ms Tinku Gupta	22,100	14,734	–	(7,366)	7,368
Mr Arulraj Maria Devadoss	16,100	10,734	–	(5,366)	5,368
Other staff	780,500	468,704	(8,804)	(233,196)	226,704
Other recipient					
Mr Muthukrishnan Ramaswami ⁽²⁾	57,800	38,534	–	(19,266)	19,268
	1,174,000	731,042	(8,804)	(364,358)	357,880

⁽¹⁾ Received more than 5% of the shares awarded.

⁽²⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019. As approved by the RSDC, he will continue to be eligible to receive the award at the vesting date.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(b) SGX Deferred Long-Term Incentives Scheme (continued)

Share grant and vesting (continued)

(iii) FY2019 Award

The FY2019 Award is in the form of SGX shares. The award will vest in three equal instalments over a period of three years with the first instalment vested on 2 September 2019.

The details of shares awarded are as follows:

	Shares awarded at grant date	Balance as at 01.07.2019	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2020
Recipients (as defined under SGX Deferred Long-Term Incentives Scheme)					
EMCO members					
Mr Loh Boon Chye ⁽¹⁾	152,900	152,900	-	(50,966)	101,934
Mr Chew Sutat	48,000	48,000	-	(16,000)	32,000
Mr Tan Boon Gin	42,600	42,600	-	(14,200)	28,400
Mr Syn Hsien-Min Michael	41,200	41,200	-	(13,733)	27,467
Mr Chng Lay Chew	29,400	29,400	-	(9,800)	19,600
Ms Agnes Koh	24,800	24,800	-	(8,266)	16,534
Ms Tinku Gupta	24,800	24,800	-	(8,266)	16,534
Mr Arulraj Maria Devadoss	17,400	17,400	-	(5,800)	11,600
Other staff	936,200	895,000	(27,101)	(295,734)	572,165
Other recipient					
Mr Muthukrishnan Ramaswami ⁽²⁾	62,500	62,500	-	(20,833)	41,667
	1,379,800	1,338,600	(27,101)	(443,598)	867,901

⁽¹⁾ Received more than 5% of the shares awarded.

⁽²⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019. As approved by the RSDC, he will continue to be eligible to receive the award at the vesting date.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(b) SGX Deferred Long-Term Incentives Scheme (continued)

Share grant and vesting (continued)

(iv) FY2020 Award

The FY2020 Award is in the form of SGX shares. The award will vest in three equal instalments over a period of three years with the first instalment vesting on 1 September 2020.

The details of shares awarded are as follows:

	Shares awarded at grant date	Shares lapsed during financial year	Balance as at 30.06.2020
Recipients (as defined under SGX Deferred Long-Term Incentives Scheme)			
EMCO members			
Mr Loh Boon Chye ⁽¹⁾	155,800	-	155,800
Mr Syn Hsien-Min Michael	46,200	-	46,200
Mr Chew Sutat	40,300	-	40,300
Mr Tan Boon Gin	39,000	-	39,000
Mr Chng Lay Chew	29,200	-	29,200
Ms Tinku Gupta	25,600	-	25,600
Ms Agnes Koh	25,000	-	25,000
Mr Arulraj Maria Devadoss	17,000	-	17,000
Other staff	1,009,700	(23,000)	986,700
Other recipient			
Mr Muthukrishnan Ramaswami ⁽²⁾	58,400	-	58,400
	1,446,200	(23,000)	1,423,200

⁽¹⁾ Received more than 5% of the shares awarded.

⁽²⁾ Mr Muthukrishnan Ramaswami retired as SGX's President and his last day of service was 30 September 2019. As approved by the RSDC, he will continue to be eligible to receive the award at the vesting date.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(b) SGX Deferred Long-Term Incentives Scheme (continued)

Share grant and vesting (continued)

(v) Summary of SGX Deferred Long-Term Incentives Scheme

The summary of the total number of shares awarded, lapsed, vested and outstanding as at 30 June 2020 is as follows:

	Shares awarded during financial year	Aggregate shares awarded since commencement of SGX Deferred Long-Term Incentives Scheme to 30.06.2020	Aggregate shares lapsed since commencement of SGX Deferred Long-Term Incentives Scheme to 30.06.2020	Aggregate shares vested since commencement of SGX Deferred Long-Term Incentives Scheme to 30.06.2020	Aggregate shares outstanding as at 30.06.2020
Recipient who received more than 5% of the total grants available					
Mr Magnus Böcker ⁽¹⁾	-	604,000	-	(604,000)	-
Recipients who received less than 5% of the total awards available					
Other staff	1,446,200	11,371,000	(1,010,306)	(7,711,713)	2,648,981
	1,446,200	11,975,000	(1,010,306)	(8,315,713)	2,648,981

⁽¹⁾ Mr Magnus Böcker's contract as the Chief Executive Officer ended on 30 June 2015.

(c) SGX Restricted Share Plan

The SGX Restricted Share Plan ("SGX RSP") was adopted at the annual general meeting of the Company held on 20 September 2018 to:

- (i) Grant shares to the Group non-executive directors as part of their remuneration in respect of their office as such in lieu of cash, or where, the RSDC deems appropriate, to give recognition to the contributions made or to be made by such Group non-executive directors to the success of the Group, in order to improve the alignment of the interests of Group non-executive directors with the interests of shareholders; and
- (ii) Serve as an additional motivational tool to recruit and retain Group employees whose contributions are essential to the long-term growth and profitability of the Group and to give recognition to outstanding Group employees who have contributed to the growth of the Group. The SGX RSP will act as an enhancement to the Group's overall ability to attract and retain high performing talent.

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(c) SGX Restricted Share Plan (continued)

Eligibility

Non-executive directors meeting the criteria set out below under "Share grant and vesting" and employees of the Group are eligible to participate in the SGX RSP.

Share grant and vesting

For SGX RSP granted to non-executive directors of the Group, the non-executive director is required to have served on the board of directors for at least 12 months on the date of grant of the share awards. The grant will consist of fully paid shares with no performance conditions attached and no vesting period imposed. A moratorium on sale of such shares for a period up to one year after the grant of the award is imposed. The moratorium will be lifted if the non-executive director steps off the board of directors before the end of the moratorium period.

SGX RSP granted to employees has no performance conditions but subject to vesting period(s) determined on a case-by-case basis.

(i) FY2020 Award

In FY2020, approximately one-quarter of the Group Chairman's fees and approximately one-quarter of eligible non-executive directors' basic fees were delivered in SGX shares, with approximately three-quarters being paid in cash.

The details of shares awarded are as follows:

	Shares awarded at grant date	Shares vested during financial year	Balance as at 30.06.2020
Recipients (as defined under SGX Restricted Share Plan)			
Non-Executive Directors⁽¹⁾			
Mr Kwa Chong Seng	27,976	(27,976)	-
Ms Chew Gek Khim	2,256	(2,256)	-
Ms Jane Diplock AO	2,256	(2,256)	-
Mr Kevin Kwok	2,256	(2,256)	-
Mr Lim Chin Hu	2,256	(2,256)	-
Mr Ng Wai King	2,256	(2,256)	-
Professor Subra Suresh	2,256	(2,256)	-
	41,512	(41,512)	-

⁽¹⁾ All recipients received more than 5% of the shares awarded

Directors' Statement

For the financial year ended 30 June 2020

Share plans (continued)

(c) SGX Restricted Share Plan (continued)

(ii) Summary of SGX Restricted Share Plan

The summary of the total number of shares awarded and vested as at 30 June 2020 are as follows:

	Shares awarded during financial year	Aggregate shares awarded since commencement of SGX restricted share plan to 30.06.2020	Aggregate shares vested since commencement of SGX restricted share plan to 30.06.2020	Aggregate shares outstanding as at 30.06.2020
Recipients who received more than 5% of the total grants available				
Mr Kwa Chong Seng	27,976	59,939	(59,939)	-
Ms Chew Gek Khim	2,256	4,833	(4,833)	-
Ms Jane Diplock AO	2,256	4,833	(4,833)	-
Mr Kevin Kwok	2,256	4,833	(4,833)	-
Mr Lim Chin Hu	2,256	4,833	(4,833)	-
Recipients who received less than 5% of the total grants available				
Other non-executive directors	4,512	4,512	(4,512)	-
Other recipient	-	2,577	(2,577)	-
	41,512	86,360	(86,360)	-

Audit Committee

The Audit Committee ("AC") comprises the following non-executive directors at the date of this statement:

Mr Kevin Kwok (Chairman)
 Ms Jane Diplock AO
 Mr Lim Chin Hu

Based on the criteria prescribed in the Securities and Futures (Corporate Governance of Approved Exchanges, Approved Clearing Houses and Approved Holding Companies) Regulations 2005 (SFR 2005), and the Code of Corporate Governance 2012 (CCG 2012), all of the AC members are independent.

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Regulation 14(2) of the SFR 2005, the CCG 2012 and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. These functions include a review of the financial statements of the Group and of the Company for the financial year and the independent auditor's report thereon.

Accordingly, the AC has also undertaken a review of the nature and extent of non-audit services provided by the firm acting as the auditor. In the opinion of the AC, these services would not affect the independence of the auditor.

Directors' Statement

For the financial year ended 30 June 2020

Audit Committee (continued)

The AC has recommended to the Board that the independent auditor, KPMG LLP be nominated for re-appointment at the forthcoming Annual General Meeting.

In appointing the auditor of the Company and the subsidiaries, the Group has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual. The Group has no significant associated company.

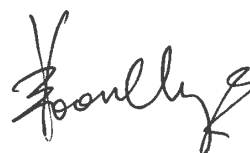
Independent Auditor

The independent auditor, KPMG LLP, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors



Mr Kwa Chong Seng
Director



Mr Loh Boon Chye
Director

30 July 2020

Independent Auditors' Report

Members of the Company Singapore Exchange Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Exchange Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 116 to 217.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Performance Overview

Group Overview

Value Creation &
Sustainability

Governance

Financials

Others

Independent Auditors' Report

Members of the Company Singapore Exchange Limited

Impairment of Goodwill

(Refer to Note 23 to the financial statements)

The key audit matter

At 30 June 2020, the Group's goodwill arising from the acquisitions of Energy Market Company Pte Ltd, Baltic Exchange Limited and Scientific Beta Pte Ltd amounted to \$329 million.

The Group is required to perform an impairment assessment of goodwill annually. Goodwill is impaired if the carrying amount of the cash generating units ("CGUs"), including goodwill, is not supported by the recoverable amount of the respective CGUs.

The recoverable amounts were determined based on the value-in-use method, which involves significant management judgement and estimation.

In this respect, the key areas of judgement and application of assumptions include:

- methodology and inputs used in determining the appropriate discount rates;
- estimating the long-term growth rates; and
- estimating the future cash flows.

How the matter was addressed in our audit

We engaged our valuation specialists to assess the methodology and inputs applied for deriving:

- discount rates by independently estimating the discount rates using external data sources for risk free rate, beta, market risk premium and small capitalisation premium; and
- long-term growth rates by comparing the rates to market data and long-term inflation rates.

We assessed management's future cash flow forecasts for consistency with historical cash flows and operating plans, taking into consideration market developments.

We also performed sensitivity analysis on the cash flow forecasts, discount rates and long-term growth rates to assess the impact on the recoverable amounts of the CGUs.

Based on the procedures performed, the carrying amount of the respective CGUs, including goodwill, is supported by the recoverable amount.

We also found the disclosures of the methodology and key inputs applied in deriving the recoverable amounts in Note 23 to the financial statements to be appropriate.

Independent Auditors' Report

Members of the Company Singapore Exchange Limited

Acquisition of Scientific Beta Pte Ltd (Refer to Note 24 to the financial statements)

The key audit matter

The Group completed its acquisition of Scientific Beta Pte Ltd (referred to as "SB") during the financial year. The acquisition was accounted for as a business combination.

The accounting for the acquisition requires the purchase price of EUR 193 million (Singapore dollar equivalent of approximately \$290 million) to be allocated to the fair value of the identifiable assets acquired, including intangible assets, and liabilities assumed (the "purchase price allocation" or "PPA"). The Group engaged an external valuation specialist to undertake the PPA process.

The PPA process also has consequential impact on the non-controlling interest and goodwill amounts.

Significant judgement and subjectivity were involved in identifying and valuing the assets acquired and liabilities assumed.

How the matter was addressed in our audit

We reviewed the sale and purchase and related agreements to understand the terms of the acquisition.

Together with our valuation specialists, we discussed the PPA with management and the external valuation specialist to understand the basis of identifying and valuing the identified assets and liabilities.

In particular, we assessed the valuation approach and key assumptions applied in the valuation of the intangible assets relating to technical know-how and customer relationships. We challenged the reasonableness of these inputs and assumptions by comparing to historical results and market data.

The valuation methodologies used by the external valuation specialist are in line with generally accepted market practices and the assumptions applied in the valuation of the intangible assets are within a reasonable range.

The resultant non-controlling interest and goodwill amounts are appropriately accounted for.

We also found the disclosures of the SB acquisition in the financial statements to be adequate.

Other matter

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 31 July 2019.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' Statement prior to the date of this auditors' report. The other sections of the annual report ('the Reports') are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent Auditors' Report

Members of the Company Singapore Exchange Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

Members of the Company Singapore Exchange Limited

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Leong Kok Keong.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 July 2020

Statement of Comprehensive Income

For the financial year ended 30 June 2020

	Note	Group		Company	
		2020 \$'000	Restated ^(a) 2019 \$'000	2020 \$'000	Restated ^(a) 2019 \$'000
Operating revenue					
Fixed Income, Currencies and Commodities	4	171,414	138,991	-	-
Equities	4	759,680	668,287	-	-
Data, Connectivity and Indices	4	121,604	102,530	27,253	25,647
Management fees from subsidiaries		-	-	247,973	200,527
Dividends from subsidiaries		-	-	409,000	369,000
		1,052,698	909,808	684,226	595,174
Operating expenses					
Staff	5	215,172	191,337	132,609	106,469
Technology	6	68,937	79,391	46,610	49,621
Processing and royalties		53,739	47,258	903	281
Premises	7	9,879	19,892	5,860	12,888
Professional fees		13,394	14,603	8,574	6,310
Others	8	35,921	33,798	27,147	18,064
		397,042	386,279	221,703	193,633
Earnings before interest, tax, depreciation and amortisation					
Depreciation and amortisation	9	89,862	62,512	41,802	24,008
		655,656	523,529	462,523	401,541
Operating profit					
	10	565,794	461,017	420,721	377,533
Non-operating gains/(losses)					
Other revenue including interest income	11	16,055	13,527	17,246	8,632
Finance charges	11	(2,888)	-	(2,871)	-
Net foreign exchange gains/(losses)	11	488	(59)	1,277	(767)
Impairment loss on investment in associated company	11	(6,200)	-	-	-
		7,455	13,468	15,652	7,865
Profit before tax and share of results of associated companies and joint venture					
		573,249	474,485	436,373	385,398
Share of results of associated companies and joint venture, net of tax	26, 27	(2,301)	(1,500)	-	-
Profit before tax					
		570,948	472,985	436,373	385,398
Tax	31	(98,963)	(81,887)	(4,423)	(3,636)
Net profit after tax					
		471,985	391,098	431,950	381,762
Attributable to:					
Equity holders of the Company		471,815	391,098	431,950	381,762
Non-controlling interests		170	-	-	-
Earnings per share based on net profit attributable to the equity holders of the Company (in cents per share)					
- Basic	12	44.1	36.5		
- Diluted	12	43.9	36.4		

^(a) Refer to Note 48 for restatement to the presentation of income statement and segment information following implementation of changes to the organisation structure with effect from 1 July 2019

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income (continued)

For the financial year ended 30 June 2020

	Group		Company		
	2020 \$'000	Restated ^(a) 2019 \$'000	2020 \$'000	Restated ^(a) 2019 \$'000	
Net profit after tax	471,985	391,098	431,950	381,762	Performance Overview
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation					Group Overview
– Exchange differences arising during the year	(530)	(6,161)	–	–	
Cash flow hedges					
– Fair value (losses)/gains arising during the year	(1,843)	(96)	(52)	154	Group Overview
– Transferred to profit or loss	2,316	1,373	(154)	32	
Financial assets, at FVOCI					Value Creation & Sustainability
– Fair value gains arising during the year	152	92	152	92	
– Transferred to profit or loss	17	–	17	–	
Items that will not be reclassified subsequently to profit or loss:					
Foreign exchange translation					Value Creation & Sustainability
– Exchange differences arising during the year	87	–	–	–	
Financial assets, at FVOCI					Governance
– Fair value gains/(losses) arising during the year	45,220	8,716	(1,083)	46	
Other comprehensive income for the financial year, net of tax	45,419	3,924	(1,120)	324	
Total comprehensive income for the financial year	517,404	395,022	430,830	382,086	
Total comprehensive income attributable to:					
Equity holders of the Company	517,147	395,022	430,830	382,086	
Non-controlling interests	257	–	–	–	

^(a) Refer to Note 48 for restatement to the presentation of income statement and segment information following implementation of changes to the organisation structure with effect from 1 July 2019

The accompanying notes form an integral part of these financial statements.

Financials

Statement of Financial Position

As at 30 June 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets					
Current assets					
Cash and cash equivalents	13	907,378	666,670	132,291	257,422
Trade and other receivables	14	758,294	885,451	371,977	19,579
Derivative financial instruments	16	2,485	256	48	198
Financial assets, at FVOCI	17	48,136	24,780	48,136	24,780
		1,716,293	1,577,157	552,452	301,979
Non-current assets					
Derivative financial instruments	16	3,096	5,851	-	-
Financial assets, at FVOCI	17	119,269	58,783	-	-
Investment property	18	24,348	24,596	-	-
Property, plant and equipment	18	50,777	60,951	24,609	35,318
Software	19	168,198	182,090	40,985	36,539
Right-of-use assets	20	87,124	-	86,683	-
Intangible assets	22	108,312	57,566	-	-
Goodwill	23	329,176	85,299	-	-
Investments in subsidiaries	25	-	-	872,730	867,730
Investments in associated companies	26	71,877	78,967	4,389	4,389
Investment in joint venture	27	90	100	-	-
Other receivables	14	-	-	4,539	4,545
Other assets		928	928	333	333
		963,195	555,131	1,034,268	948,854
Total assets		2,679,488	2,132,288	1,586,720	1,250,833

The accompanying notes form an integral part of these financial statements.

Financials

Statement of Financial Position (continued)

As at 30 June 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Liabilities					
Current liabilities					
Trade and other payables	28	808,664	911,506	115,760	280,019
Derivative financial instruments	16	2,084	1,293	70	-
Borrowings	29	304,071	-	302,036	-
Lease liabilities	30	19,483	-	19,132	-
Taxation	31	109,558	77,167	6,356	4,148
Provisions	32	13,935	11,507	9,245	7,355
		1,257,795	1,001,473	452,599	291,522
Non-current liabilities					
Financial liability	33	40,548	-	-	-
Lease liabilities	30	69,547	-	69,475	-
Deferred tax liabilities	31	62,315	39,966	3,900	6,753
		172,410	39,966	73,375	6,753
Total liabilities		1,430,205	1,041,439	525,974	298,275
Net assets		1,249,283	1,090,849	1,060,746	952,558
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	34	429,738	429,113	429,738	429,113
Treasury shares	34	(20,996)	(13,233)	(20,996)	(13,233)
Cash flow hedge reserve		345	(128)	(52)	154
Currency translation reserve		(3,827)	(3,297)	-	-
Fair value reserve		54,909	8,931	(64)	261
Securities clearing fund reserve	38	25,000	25,000	-	-
Derivatives clearing fund reserve	39	34,021	34,021	-	-
Share-based payment reserve		24,554	18,865	24,554	18,865
Other reserve	35	(40,506)	-	-	-
Retained profits		656,092	511,342	542,048	437,163
Proposed dividends	36	85,518	80,235	85,518	80,235
		1,244,848	1,090,849	1,060,746	952,558
Non-controlling interests		4,435	-	-	-
Total equity		1,249,283	1,090,849	1,060,746	952,558

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2020

Group	Note	Share capital \$'000	Treasury shares \$'000	Cash flow hedge reserve* \$'000	Currency translation reserve* \$'000	Fair value reserve* \$'000
Balance at 1 July 2019		429,113	(13,233)	(128)	(3,297)	8,931
Transactions with equity holders, recognised directly in equity						
<u>Contributions by and distributions to equity holders</u>						
Dividends paid						
- Financial year 2019 – Final dividends		-	-	-	-	-
- Financial year 2019 – Under provision of final dividends		-	-	-	-	-
- Financial year 2020 – Interim dividends	36	-	-	-	-	-
Proposed dividends						
- Financial year 2020 – Final dividends	36	-	-	-	-	-
Employees' share plans – Value of employees' services	5	-	-	-	-	-
Restricted share plan – Value of directors' services		-	-	-	-	-
Vesting of shares under share-based remuneration plans	34(a)	567	8,333	-	-	-
Vesting of shares under restricted share plan	34(a)	58	287	-	-	-
Purchase of treasury shares	34(a)	-	(17,002)	-	-	-
Tax effect on treasury shares**	34(a)	-	619	-	-	-
Transfer upon disposal of equity investments		-	-	-	-	589
Forward liability to acquire non-controlling interests	35	-	-	-	-	-
Total contributions by and distributions to equity holders		625	(7,763)	-	-	589
<u>Change in equity holders' interests in subsidiary</u>						
Non-controlling interests upon acquisition of a subsidiary						
		-	-	-	-	-
Total change in equity holders' interests in subsidiary		-	-	-	-	-
Total transactions with equity holders		625	(7,763)	-	-	589
Total comprehensive income for the financial year		-	-	473	(530)	45,389
Balance at 30 June 2020		429,738	(20,996)	345	(3,827)	54,909

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

(continued)

For the financial year ended 30 June 2020

Attributable to equity holders of the Company								
Securities clearing fund reserve* \$'000	Derivatives clearing fund reserve* \$'000	Share-based payment reserve* \$'000	Other reserve* \$'000	Retained profits \$'000	Proposed dividends \$'000	Total \$'000	Non-controlling interests \$'000	Total Equity \$'000
25,000	34,021	18,865	-	511,342	80,235	1,090,849	-	1,090,849
-	-	-	-	-	(80,235)	(80,235)	-	(80,235)
-	-	-	-	(86)	-	(86)	-	(86)
-	-	-	-	(240,872)	-	(240,872)	-	(240,872)
-	-	-	-	(85,518)	85,518	-	-	-
-	-	14,589	-	-	-	14,589	-	14,589
-	-	345	-	-	-	345	-	345
-	-	(8,900)	-	-	-	-	-	-
-	-	(345)	-	-	-	-	-	-
-	-	-	-	-	-	(17,002)	-	(17,002)
-	-	-	-	-	-	619	-	619
-	-	-	-	(589)	-	-	-	-
-	-	-	(40,506)	-	-	(40,506)	-	(40,506)
-	-	5,689	(40,506)	(327,065)	5,283	(363,148)	-	(363,148)
-	-	-	-	-	-	-	4,178	4,178
-	-	-	-	-	-	-	4,178	4,178
-	-	5,689	(40,506)	(327,065)	5,283	(363,148)	4,178	(358,970)
-	-	-	-	471,815	-	517,147	257	517,404
25,000	34,021	24,554	(40,506)	656,092	85,518	1,244,848	4,435	1,249,283

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Financials

Consolidated Statement of Changes in Equity

(continued)

For the financial year ended 30 June 2020

Group	Note	Share capital \$'000	Treasury shares \$'000
Balance at 1 July 2018		429,236	(11,363)
Dividends paid			
– Financial year 2018 – Final base and variable dividends		–	–
– Financial year 2018 – Under provision of final base and variable dividends		–	–
– Financial year 2019 – Interim dividends	36	–	–
Proposed dividends			
– Financial year 2019 – Final dividends	36	–	–
Employees' share plans – Value of employees' services	5	–	–
Restricted share plan – Value of directors' services		–	–
Vesting of shares under share-based remuneration plans	34(a)	(109)	7,278
Vesting of shares under restricted share plan	34(a)	(14)	340
Purchase of treasury shares	34(a)	–	(9,502)
Tax effect on treasury shares**	34(a)	–	14
Transfer upon disposal of equity investments		–	–
		(123)	(1,870)
Total comprehensive income for the financial year		–	–
Balance at 30 June 2019		429,113	(13,233)

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

** The tax effect relates to the deferred tax benefit/(liability) on the difference between consideration paid for treasury shares and share-based payment expense relating to employees' and directors' services.

The accompanying notes form an integral part of these financial statements.

Financials

Consolidated Statement of Changes in Equity

(continued)

For the financial year ended 30 June 2020

Attributable to equity holders of the Company

Cash flow hedge reserve* \$'000	Currency translation reserve* \$'000	Fair value reserve* \$'000	Securities clearing fund reserve* \$'000	Derivatives clearing fund reserve* \$'000	Share-based payment reserve* \$'000	Retained profits \$'000	Proposed dividends \$'000	Total equity \$'000
(1,405)	2,864	111	25,000	34,021	15,875	441,377	160,516	1,096,232
-	-	-	-	-	-	-	(160,516)	(160,516)
-	-	-	-	-	-	(84)	-	(84)
-	-	-	-	-	-	(240,802)	-	(240,802)
-	-	-	-	-	-	(80,235)	80,235	-
-	-	-	-	-	10,159	-	-	10,159
-	-	-	-	-	326	-	-	326
-	-	-	-	-	(7,169)	-	-	-
-	-	-	-	-	(326)	-	-	-
-	-	-	-	-	-	-	-	(9,502)
-	-	-	-	-	-	-	-	14
-	-	12	-	-	-	(12)	-	-
-	-	12	-	-	2,990	(321,133)	(80,281)	(400,405)
1,277	(6,161)	8,808	-	-	-	391,098	-	395,022
(128)	(3,297)	8,931	25,000	34,021	18,865	511,342	80,235	1,090,849

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Statement of Changes in Equity

For the financial year ended 30 June 2020

Company	Note	Attributable to equity holders of the Company							Total equity \$'000
		Share Capital \$'000	Treasury shares \$'000	Cash flow hedge reserve* \$'000	Fair value reserve* \$'000	Share-based payment reserve* \$'000	Retained profits \$'000	Proposed dividends \$'000	
Balance at 1 July 2019		429,113	(13,233)	154	261	18,865	437,163	80,235	952,558
Dividends paid									
- Financial year 2019									
- Final dividends		-	-	-	-	-	-	(80,235)	(80,235)
- Financial year 2019									
- Under provision of final dividends		-	-	-	-	-	(86)	-	(86)
- Financial year 2020									
- Interim dividends	36	-	-	-	-	-	(240,872)	-	(240,872)
Proposed dividends									
- Financial year 2020									
- Final dividends	36	-	-	-	-	-	(85,518)	85,518	-
Employees' share plans									
- Value of employees' services	5	-	-	-	-	14,589	-	-	14,589
Restricted share plan									
- Value of directors' services		-	-	-	-	345	-	-	345
Vesting of shares under share-based remuneration plans	34(a)	567	8,333	-	-	(8,900)	-	-	-
Vesting of shares under restricted share plan	34(a)	58	287	-	-	(345)	-	-	-
Purchase of treasury shares	34(a)	-	(17,002)	-	-	-	-	-	(17,002)
Tax effect on treasury shares**	34(a)	-	619	-	-	-	-	-	619
Transfer upon disposal of equity investments		-	-	-	589	-	(589)	-	-
		625	(7,763)	-	589	5,689	(327,065)	5,283	(322,642)
Total comprehensive income for the financial year		-	-	(206)	(914)	-	431,950	-	430,830
Balance at 30 June 2020		429,738	(20,996)	(52)	(64)	24,554	542,048	85,518	1,060,746

The accompanying notes form an integral part of these financial statements.

Financials

Statement of Changes in Equity (continued)

For the financial year ended 30 June 2020

Company	Note	Attributable to equity holders of the Company							Total equity \$'000
		Share Capital \$'000	Treasury shares \$'000	Cash flow hedge reserve* \$'000	Fair value reserve* \$'000	Share-based payment reserve* \$'000	Retained profits \$'000	Proposed dividends \$'000	
Balance at 1 July 2018		429,236	(11,363)	(32)	111	15,875	376,534	160,516	970,877
Dividends paid									
- Financial year 2018									
- Final base and variable dividends		-	-	-	-	-	-	(160,516)	(160,516)
- Financial year 2018									
- Under provision of final base and variable dividends		-	-	-	-	-	(84)	-	(84)
- Financial year 2019									
- Interim dividends	36	-	-	-	-	-	(240,802)	-	(240,802)
Proposed dividends									
- Financial year 2019									
- Final dividends	36	-	-	-	-	-	(80,235)	80,235	-
Employees' share plans - Value of employees' services	5	-	-	-	-	10,159	-	-	10,159
Restricted share plan - Value of directors' services		-	-	-	-	326	-	-	326
Vesting of shares under share-based remuneration plans	34(a)	(109)	7,278	-	-	(7,169)	-	-	-
Vesting of shares under restricted share plan	34(a)	(14)	340	-	-	(326)	-	-	-
Purchase of treasury shares	34(a)	-	(9,502)	-	-	-	-	-	(9,502)
Tax effect on treasury shares**	34(a)	-	14	-	-	-	-	-	14
Transfer upon disposal of equity investments		-	-	-	12	-	(12)	-	-
		(123)	(1,870)	-	12	2,990	(321,133)	(80,281)	(400,405)
Total comprehensive income for the financial year		-	-	186	138	-	381,762	-	382,086
Balance at 30 June 2019		429,113	(13,233)	154	261	18,865	437,163	80,235	952,558

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

** The tax effect relates to the deferred tax benefit/(liability) on the difference between consideration paid for treasury shares and share-based payment expense relating to employees' and directors' services.

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Financials

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Note	Group	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Profit before tax and share of results of associated companies and joint venture		573,249	474,485
Adjustments for:			
- Depreciation and amortisation	9	89,862	62,512
- Share-based payment expense		14,934	10,485
- Impairment loss on investment in associated company	11	6,200	-
- Finance charges	11	2,888	-
- Net write-off of property, plant and equipment and software	8	1,038	407
- Net loss on disposal of property, plant and equipment and software	8	378	203
- Interest income		(13,437)	(12,748)
- Gains on dilution of interests in associated companies		(3,803)	(221)
- Dividend income from financial assets, at FVOCI	11	(161)	(99)
Operating cash flow before working capital change		671,148	535,024
Changes in:			
- Cash committed for National Electricity Market of Singapore		2,245	10,831
- Trade and other receivables		141,118	(59,368)
- Trade and other payables		(117,955)	10,675
Cash generated from operations		696,556	497,162
Income tax paid	31(c)	(72,385)	(79,694)
Net cash generated from operating activities		624,171	417,468
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	24	(271,871)	-
Acquisitions of associated companies		-	(71,693)
Purchase of property, plant and equipment and software		(34,626)	(47,347)
Purchase of financial assets, at FVOCI		(23,452)	(48,947)
Interest received		13,342	13,181
Dividend received from associated company		2,416	-
Dividend received from financial assets, at FVOCI		138	104
Purchase and sale of call options		-	(5,541)
Net cash used in investing activities		(314,053)	(160,243)
Cash flows from financing activities			
Dividends paid		(321,193)	(401,402)
Purchase of treasury shares	34	(17,002)	(9,502)
Repayment of lease liabilities	30(b)	(20,860)	-
Proceeds from borrowings	29	585,124	-
Repayment of borrowings	29	(295,694)	-
Interest paid	29	(113)	-
Net cash used in financing activities		(69,738)	(410,904)
Net increase/(decrease) in cash and cash equivalents		240,380	(153,679)
Cash and cash equivalents at beginning of financial year	13	445,512	549,597
Decrease in cash committed for Singapore Exchange Derivatives Clearing Limited – Derivatives Clearing Funds		-	50,000
Effects of currency translation on cash and cash equivalents		538	(406)
Cash and cash equivalents at end of financial year	13	686,430	445,512

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 July 2020.

1 Domicile and activities

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

2 Shenton Way
#02-02 SGX Centre 1
Singapore 068804

The principal activities of the Group are to operate an integrated securities exchange and derivatives exchange, related clearing houses and operation of an electricity market in Singapore, provision and distribution of bulk freight market indices and information, and as an index provider.

The principal activities of the Company are those of investment holding, treasury management, provision of management and administrative services to related corporations, provision of market data and technology connectivity services. The principal activities of the subsidiaries are set out in Note 25 to the financial statements. There has been no significant change in the principal activities of the Company and its subsidiaries during the financial year. On 31 January 2020, the Group acquired 93% of the equity interest in Scientific Beta Pte. Ltd. ("SB") and its subsidiaries (Note 24).

2 Significant accounting policies

2.1 Basis of preparation

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

On 1 July 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I). The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

SFRS(I) 16 Leases

The Group applied SFRS(I) 16 using the modified retrospective transition approach with no restatement of comparative amounts for the year prior to first adoption at 1 July 2019. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

As a lessee

As a lessee, the Group leases assets including office premises, data centres and other equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);

- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

Impact on financial statements

Impact on transition

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 July 2019
	<u>\$'000</u>
Right-of-use assets	85,801
Lease liabilities	<u>(85,801)</u>

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 2.56%.

	1 July 2019
	<u>\$'000</u>

Operating lease commitments at 30 June 2019 as disclosed under SFRS(I) 1-17	<u>81,510</u>
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Discounted using the incremental borrowing rate at 1 July 2019	70,101
– Recognition exemption for leases with less than 12 months of lease term at transition and low-value assets	(8,545)
– Extension options reasonably certain to be exercised	<u>24,245</u>
Lease liabilities recognised at 1 July 2019	<u>85,801</u>

Notes to the Financial Statements

For the financial year ended 30 June 2020

2.2 Group accounting

(1) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date when control is transferred to the Group and cease to be consolidated on the date when that control ceases.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised losses are considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(1) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific SFRS(I).

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(iv) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(2) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Where the voting rights are less than 20%, the presumption that the entity is not an associated company is overcome if the Group has significant influence including representation on the board of directors or participation in policy-making process of the investee.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and the rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated

financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distribution received from associated companies or joint ventures are adjusted against the carrying amounts of the investments. Dividends received or recoverable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the assets transferred. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

For the financial year ended 30 June 2020

(iii) *Disposals*

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. Any retained interest in the entity, if classified as a financial asset, is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

(3) **Put and call options with non-controlling interests**

When the Group enters into a put and call option agreement with the non-controlling shareholder in an existing subsidiary on their equity interests in that subsidiary and provides for settlement in cash or in another financial asset by the Group, the Group recognises a financial liability for the present value of the exercise price of the option and a corresponding entry under equity-other reserve. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recognised in profit or loss. Amount initially recognised under equity is not subsequently re-measured.

When the non-controlling shareholder continues to have present access to the returns associated with the underlying ownership interest, the Group has elected the present-access method to account for the underlying non-controlling interests. Under this method, non-controlling interests continue to be recognised because the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests.

On exercise of the put or call option, the financial liability will be derecognised on settlement in cash or in another financial asset by the Group. Changes in the Group's ownership interest in a subsidiary is accounted for according to transaction with non-controlling interests. Refer to Note 2.2(1)(iv).

If the put and call options expire unexercised, the financial liability is reversed against equity-other reserve.

2.3 Currency translation

(1) **Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("SGD"), which is the functional currency of the Company.

(2) **Transactions and balances**

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

Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange at the balance sheet date. Currency translation differences are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2 Significant accounting policies (continued)

2.3 Currency translation (continued)

(2) Transactions and balances (continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the currency translation reserve in equity.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance charges". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "net foreign exchange gains/(losses)".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(3) Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Revenue and expenses are translated at average exchange rates; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.4 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue as service is performed and as it satisfied its obligations to provide a product or service to a customer. Revenue is presented net of goods and services tax and after eliminating revenue within the Group on the following basis:

(1) Fixed Income, Currencies and Commodities

Listing, corporate actions and other revenue of fixed income

Revenue is recognised on a per transaction basis when service is provided.

Currencies and Commodities

Currencies and Commodities revenue, net of rebates, generated from contracts traded, cleared and settled is recognised when service is provided and on a per transaction basis.

Treasury and other revenue

Treasury revenue is recognised on a time proportion basis. Other revenue is recognised when service is rendered.

(2) Equities

Equities – Cash

Listing of equities

Initial and additional listing fees represent one performance obligation. Revenue is recognised over a period of time that the Group provides listing services.

Annual listing fee is recognised on a straight-line basis over the period which the fee relates. It represents the extent of the Group's completion of the performance obligation under the contract.

Corporate actions and other revenue

Revenue is recognised on a per transaction basis when service is provided.

Trading and Clearing

Trading revenue generated from contracts is recognised when service is rendered. Clearing revenue, net of rebates, generated from contracts cleared and settled is recognised when service is provided and on a per transaction basis.

Notes to the Financial Statements

For the financial year ended 30 June 2020

Securities settlement and depository management

Revenue is recognised on a per transaction basis when service is provided.

Treasury and other revenue

Treasury revenue is recognised on a time proportion basis. Membership revenue is recognised on a straight-line basis over the period which the fee relates. It represents the extent of the Group's completion of the performance obligation under the contract. Other revenue is recognised when service is rendered.

Equities – Derivatives

Trading and clearing

Equities – Derivatives' trading and clearing revenue, net of rebates, generated from contracts traded, cleared and settled is recognised when service is provided and on a per transaction basis.

Treasury, licence and other revenue

Treasury revenue is recognised on a time proportion basis. Licence revenue is recognised when service is rendered on a per transaction basis. Other revenue is recognised when service is rendered.

(3) **Data, Connectivity and Indices**

Data subscription, connectivity and indices revenue is recognised to the extent of the Group's completion of the performance obligation under the contract. Other market data services are recognised when service is rendered.

(4) **Rental income**

Revenue from rental is recognised on a straight-line basis over the period which the rental income relates.

(5) **Interest income**

Revenue is recognised on a time proportion basis using the effective interest method.

(6) **Dividend income**

Revenue is recognised when the right to receive payment is established.

2.5 **Income taxes**

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

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

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

2.6 **Leases**

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2 Significant accounting policies (continued)

2.6 Leases (continued)

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources

and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the

Notes to the Financial Statements

For the financial year ended 30 June 2020

underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Leases – Policy applicable before 1 July 2019

(1) *When the Group is the lessee – Operating leases*

Leases where all risks and rewards the Group incidental to ownership are retained by the lessors are classified as operating leases. Operating lease payments (net of any incentives received from lessors) are recognised in profit or loss on a straight-line basis over the lease period.

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

(2) *When the Group is the lessor – Operating leases*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Contingent rents are recognised as income in profit or loss when earned.

2.7 Employee benefits

Employee benefits are recognised as staff costs when they are due, unless they can be capitalised as an asset.

(1) **Defined contribution plans**

The Group makes legally required contributions to defined contribution plans. The Group's obligation is limited to the amount it contributes to the defined contribution plan. The Group's contributions are recognised as staff costs when they are due.

(2) **Employee leave entitlement**

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

(3) **Share-based compensation**

The fair value of employee services received in exchange for equity-settled share-based remuneration plans granted to employees is recognised as variable share-based payment to employees in profit or loss with a corresponding increase in the share-based payment reserve over the vesting period. The amount is determined by reference to the fair value of the shares on grant date and the expected number of shares to be vested on vesting date.

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

Upon vesting of a share-based compensation plan, the portion of share-based payment previously recognised in the share-based payment reserve is reversed against treasury shares. Differences between share-based payment and cost of treasury shares are taken to the share capital of the Company.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with banks which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2 Significant accounting policies (continued)

2.9 Financial assets

(1) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest

income from these financial assets is included in interest income using the effective interest rate method.

- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments or for liquidity funds and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(2) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Financial Statements

For the financial year ended 30 June 2020

(3) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.10 Property, plant and equipment

(1) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and accumulated impairment losses.

(2) Components of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition and bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. Cost also includes any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is required to be incurred for the purpose of acquiring and using the asset.

(3) Depreciation of property, plant and equipment

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

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

	Useful lives
Leasehold improvements	1 to 7 years or lease term, whichever is shorter
Building and plant	25 to 50 years
Furniture, fittings and office equipment	3 to 10 years
Computer hardware	1 to 7 years
Motor vehicles	5 years

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

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year end. The effects of any revision are recognised in profit or loss when the changes arise.

(4) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(5) Disposal

On disposal or retirement of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2.11 Software

Costs recognised are directly associated with identifiable software controlled by the Group that generate economic benefits exceeding costs beyond one year. Cost also includes any fair value gains or losses on qualifying cash flow hedges of software that are transferred from the hedging reserve. Costs associated with maintaining computer software are expensed off when incurred.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2 Significant accounting policies (continued)

2.11 Software (continued)

Acquired software licences are capitalised on the basis of the cost incurred to acquire and other directly attributable costs of preparing the software for its intended use. Direct expenditures, including employee costs, which enhance or extend the performance of software programmes beyond their original specifications, and which can be reliably measured, are recognised as a capital improvement and added to the original cost of the software.

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

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

2.12 Intangible assets

Intangible assets arising from business combinations are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the estimated useful life of the underlying asset as follows:

	Useful lives
Right to operate Singapore electricity spot market	30 years
Trade name	30 years
Technical know-how	10 years
Customer relationships	5 years

The period and method of amortisation of intangible assets are reviewed at least at each financial year end. The effects of any revision of the amortisation period or method are included in profit or loss for the period in which the changes arise.

2.13 Investment property

Investment property is held to earn rental, for capital appreciation. Investment property acquired through business combinations are accounted as acquisition of assets (Note 2.2(1)(ii)).

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Freehold land of the investment property is not depreciated. Building is depreciated on a straight-line basis to allocate the cost over the estimated useful life of 50 years. The residual value and useful life are reviewed, and adjusted as appropriate, at each financial year end. The effects of any revision are recognised in profit or loss when the changes arise.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.14 Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies and joint ventures represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2.15 Investments in subsidiaries, associated companies and joint venture

Investments in subsidiaries, associated companies and joint venture are stated at cost less accumulated impairment losses in the statement of financial position of the Company. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. Impairment losses are recognised in the profit or loss in the year in which it is determined.

On disposal of an investment, the difference between the net proceeds and its carrying amount is recognised in profit or loss.

2.16 Impairment of non-financial assets

(1) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company or joint venture is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(2) Property, plant and equipment

Software

Intangible assets

Investment property

Investments in subsidiaries, associated companies and joint ventures

Property, plant and equipment, software, intangible assets, investment property and investments in subsidiaries, associated companies and joint ventures are reviewed for impairment whenever there is any objective evidence or indication that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's net selling value and its value-in-use. The impairment loss is recognised in profit or loss.

The recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.17 Trade and other payables

Trade and other payables represents liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities, if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

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

Notes to the Financial Statements

For the financial year ended 30 June 2020

2 Significant accounting policies (continued)

2.18 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.20 Provisions

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

2.21 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

(1) Currency forwards – cash flow hedge

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are transferred to profit or loss immediately.

(2) Net investment hedge

The Group has foreign currency borrowings that qualify as net investment hedges of foreign operations. The currency translation differences on the borrowings relating to the effective portion of the hedge are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

The Group early adopted the amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform* issued in December 2019. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not altered as a result of Interbank Offered Rates (IBOR) reform. The Group will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2.22 Share capital and treasury shares

Ordinary shares are classified as equity.

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

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

2.23 Dividends

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

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

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee who are responsible for allocating resources and assessing performance of the operating segments.

2.25 Government grants

Grants from the government are recognised as a receivable when there is reasonable assurance that the grant will be received and compliance with all the attached conditions.

Government grants relating to expenses are offset against the related expenses. Government grants relating to assets are deducted against the carrying amount of the assets.

3 Critical accounting estimates and judgments

Estimates and judgments are regularly evaluated based on historical experience, current circumstances and expectations of future events. The following provides a description of the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements:

(i) Intangible assets

Intangible assets are valued on acquisition using appropriate methodology and amortised over the estimated useful lives. The valuation is calculated using discounted cash flow model and management's best estimate of future cash flows, long term growth rate and discount rate. Useful lives are based on management's best estimates of periods over which value from the intangible assets will be realised (Note 2.12 and Note 22). Management reassess the estimated useful lives at each financial year end, taking into account the period over which the intangible assets are expected to generate future economic benefit. Intangible assets are tested for impairment in accordance with Note 2.16(2).

(ii) Goodwill

Goodwill is tested for impairment in accordance with Note 2.16(1). The recoverable amount of goodwill is based on value-in-use calculation using discounted cash flow model and management's best estimate of future cash flows, long term growth rate and discount rate (Note 23).

Notes to the Financial Statements

For the financial year ended 30 June 2020

4 Operating revenue

Operating revenue comprised the following:

	Group		Company	
	2020 \$'000	Restated 2019 \$'000	2020 \$'000	Restated 2019 \$'000
Fixed Income, Currencies and Commodities				
<i>Fixed Income</i>				
Listing	9,406	9,225	-	-
Corporate actions and other	3,353	3,344	-	-
	12,759	12,569	-	-
<i>Currencies and Commodities – Derivatives</i>				
Trading and clearing	107,908	84,779	-	-
Treasury and other	50,747	41,643	-	-
	158,655	126,422	-	-
	171,414	138,991	-	-
Equities				
<i>Equities – Cash</i>				
Listing	35,266	36,555	-	-
Corporate actions and other	29,068	30,760	-	-
Trading and clearing	224,390	172,975	-	-
Securities settlement and depository management	100,763	85,675	-	-
Treasury and other	9,815	8,995	-	-
	399,302	334,960	-	-
<i>Equities – Derivatives</i>				
Trading and clearing	211,992	207,317	-	-
Treasury, licence and other	148,386	126,010	-	-
	360,378	333,327	-	-
	759,680	668,287	-	-
Data, Connectivity and Indices				
Market data and indices	59,363	42,997	8	21
Connectivity	62,241	59,533	27,245	25,626
	121,604	102,530	27,253	25,647

Notes to the Financial Statements

For the financial year ended 30 June 2020

5 Staff

	Group		Company	
	2020 \$'000	Restated 2019 \$'000	2020 \$'000	Restated 2019 \$'000
Salaries	128,758	119,678	77,199	70,035
Employer's contribution to defined contribution plans on salaries	8,754	9,706	6,311	5,741
	137,512	129,384	83,510	75,776
Variable bonus	59,909	48,737	33,690	20,080
Employer's contribution to defined contribution plans on variable bonus	3,162	3,057	2,351	1,670
	63,071	51,794	36,041	21,750
Variable share-based payment	14,589	10,159	14,589	10,159
Variable share-based payment recharge to subsidiary	-	-	(1,531)	(1,216)
	215,172	191,337	132,609	106,469

During the financial year, the Group and the Company recognised credit of \$5,523,000 against salaries relating to the Jobs Support Scheme provided by the Government of Singapore.

6 Technology

	Group		Company	
	2020 \$'000	Restated 2019 \$'000	2020 \$'000	Restated 2019 \$'000
System maintenance and rental	65,174	75,728	43,830	47,167
Communication charges	3,763	3,663	2,780	2,454
	68,937	79,391	46,610	49,621

7 Premises

	Group		Company	
	2020 \$'000	Restated 2019 \$'000	2020 \$'000	Restated 2019 \$'000
Rental and maintenance of premises	9,879	19,892	5,860	12,888

Notes to the Financial Statements

For the financial year ended 30 June 2020

8 Other operating expenses

	Group		Company	
	2020	Restated 2019	2020	Restated 2019
	\$'000	\$'000	\$'000	\$'000
Marketing	7,284	8,444	2,908	3,901
Travelling	1,963	4,534	736	1,845
Allowance for impairment of trade receivables (net)	1,029	797	52	6
Net write-off of property, plant and equipment and software	1,038	407	953	407
Net loss on disposal of property, plant and equipment and software	378	203	368	193
Directors' fees	2,735	3,446	1,813	2,530
Regulatory fees	6,235	6,022	401	400
Services from price vendors	3,721	3,422	943	637
Miscellaneous	11,538	6,523	18,973	8,145
	35,921	33,798	27,147	18,064

9 Depreciation and amortisation

	Group		Company	
	2020	Restated 2019	2020	Restated 2019
	\$'000	\$'000	\$'000	\$'000
Technology-related depreciation and amortisation	63,234	51,283	21,665	15,833
Premises-related depreciation	20,995	8,939	20,057	8,095
Amortisation of intangible assets	5,553	2,210	-	-
Depreciation of motor vehicle	80	80	80	80
	89,862	62,512	41,802	24,008

Depreciation and amortisation have been restated for presentation following changes to the organisation structure effective 1 July 2019 (Note 48). The Group and the Company had applied SFRS(I) 16 using the modified retrospective approach for lease payments (Note 2.1) with effect from 1 July 2019. Accordingly, the comparative amounts for 2019 had been presented as previously reported.

Notes to the Financial Statements

For the financial year ended 30 June 2020

10 Operating profit

The following items have been included in arriving the operating profit:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<i>Charging:</i>				
Audit services by auditor of the Company (Note (a))	841	1,132	297	422
Other services by auditor of the Company (Note (a))	230	109	106	89
Provision for unutilised leave (Note 32(b))	2,428	544	1,890	247
<i>And crediting:</i>				
Treasury income on collateral balances held in trust (net)	134,758	108,273	-	-

- (a) KPMG LLP is the auditor for the Group starting from the financial year ended 30 June 2020. The auditor for the financial year ended 30 June 2019 was PricewaterhouseCoopers LLP.

11 Non-operating gains/(losses)

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Other revenue including interest income:				
- Interest income from fixed deposits and current accounts with banks	12,527	12,109	5,928	5,186
- Interest income from financial assets, at FVOCI	990	639	990	639
- Dividend income from associates	-	-	2,415	-
- Dividend income from financial assets, at FVOCI	161	99	161	99
- Others	2,377	680	7,752	2,708
	16,055	13,527	17,246	8,632
Finance charges				
Interest expense				
- Bank borrowings	(302)	-	(302)	-
- Lease liabilities	(2,586)	-	(2,569)	-
	(2,888)	-	(2,871)	-
Net foreign exchange gains/(losses)	488	(59)	1,277	(767)
Impairment loss on investment in associated company (Note (a))	(6,200)	-	-	-
	7,455	13,468	15,652	7,865

- (a) During the financial year, an impairment loss of \$6,200,000 (2019: Nil) is recognised on the Group's investment in Freightos Limited and the loss reflects the impact of Covid-19 on the freight industry. The investment is written down to the recoverable amount based on value-in-use calculation using the discounted cash flow model. The discount rate used in the estimate of the recoverable amount is 21% (2019: 21%).

Notes to the Financial Statements

For the financial year ended 30 June 2020

12 Earnings per share

	Group	
	2020 \$'000	2019 \$'000
Net profit attributable to the equity holders of the Company	471,815	391,098
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,070,387	1,070,155
Adjustments for:		
– Shares granted under SGX performance share plans and deferred long-term incentives schemes ('000)	4,625	3,617
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,075,012	1,073,772
Earnings per share (in cents per share)		
– Basic	44.1	36.5
– Diluted	43.9	36.4

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for the effects of all dilutive potential ordinary shares. Shares granted under the SGX performance share plans and the deferred long-term incentives schemes have potential dilutive effect on ordinary shares. The adjustment made represents the number of shares expected to vest under SGX performance share plans and the deferred long-term incentives schemes.

13 Cash and cash equivalents

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and on hand	211,301	56,686	20,891	19,520
Fixed deposits with banks	696,077	609,984	111,400	237,902
	907,378	666,670	132,291	257,422

Notes to the Financial Statements

For the financial year ended 30 June 2020

13 Cash and cash equivalents (continued)

For the purpose of presenting the statement of cash flows of the Group, the consolidated cash and cash equivalents comprise the following:

	Group	
	2020 \$'000	2019 \$'000
Cash and cash equivalents per statement of cash flows	686,430	445,512
Add:		
Cash committed for		
– Singapore Exchange Derivatives Clearing Limited (“SGX-DC”) Clearing Fund (Note 39)	150,021	150,021
– Securities Clearing Fund (Note 38)	60,000	60,000
– National Electricity Market of Singapore (“NEMS”) (Note (a))	8,892	11,137
Bank overdrafts repayable on demand and used for cash management purposes (Note 29)	2,035	–
Cash and cash equivalents (as above)	907,378	666,670

(a) Cash committed for NEMS

Cash committed for NEMS represents Energy Market Company Pte Ltd (“EMC”) commitment to the operation of the electricity market of Singapore. The manners in which the cash can be used are defined by the Singapore Electricity Market Rules issued by the Energy Market Authority of Singapore. The committed cash is not available to EMC for its operations.

14 Trade and other receivables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Trade receivables (net) (Note (a))	665,865	784,243	6,014	5,397
Other receivables (Note (b))	92,429	101,208	365,963	14,182
	758,294	885,451	371,977	19,579
Non-current				
Other receivables				
– Amount due from a subsidiary (non-trade) (Note (c))	–	–	4,539	4,545

Notes to the Financial Statements

For the financial year ended 30 June 2020

14 Trade and other receivables (continued)

(a) Trade receivables (net) comprise:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Receivables from clearing members and settlement banks				
– Daily settlement of accounts for due contracts and rights (Note 28(a))	452,524	564,621	–	–
Receivables under NEMS (Note 15)	94,075	138,761	–	–
Other trade receivables	121,100	81,684	6,075	5,406
	667,699	785,066	6,075	5,406
Less: Allowance for impairment of trade receivables (Note 46)	(1,834)	(823)	(61)	(9)
	665,865	784,243	6,014	5,397

The receivables from clearing members and settlement banks represent the net settlement obligations to The Central Depository (Pte) Limited (“CDP”). The corresponding net settlement obligations from CDP to the clearing members and settlement banks are disclosed in Note 28(a).

(b) Other receivables comprise:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Prepayments	23,853	20,420	14,311	12,487
Interest receivable	61,537	78,001	856	1,265
Deposits	796	764	277	287
Staff advances	27	29	–	–
Grant receivables	3,247	–	3,247	–
Amounts due from subsidiaries (non-trade) (Note (d))	–	–	346,972	–
Others (non-trade)	2,969	1,994	300	143
	92,429	101,208	365,963	14,182

(c) Amount due from a subsidiary relates to an unsecured loan with interest fixed at 3.5% per annum and principal repayable in full by November 2021.

(d) Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements

For the financial year ended 30 June 2020

15 Cash, receivables and payables under NEMS

EMC has cash, receivables and payables in respect of sale of electricity to market participants and purchase of electricity and ancillary services from market participants in the NEMS as follows:

	Group	
	2020 \$'000	2019 \$'000
Cash committed for NEMS (Note 13)	8,892	11,137
Receivables under NEMS (Note 14(a))	94,075	138,761
Total settlement cash and receivables	102,967	149,898
Payables under NEMS (Note 28(a))	102,967	149,898
Total settlement payables	102,967	149,898

16 Derivative financial instruments

	Group			Company		
	Fair value			Fair value		
	Currency forwards notional amount \$'000	Asset \$'000	Liability \$'000	Currency forwards notional amount \$'000	Asset \$'000	Liability \$'000
30 June 2020						
Cash-flow hedges						
– Currency forwards	186,907	2,485	(2,035)	14,753	48	(70)
Call option		3,096	-		-	-
Sale of call option		-	(49)		-	-
		<u>5,581</u>	<u>(2,084)</u>		<u>48</u>	<u>(70)</u>
Current		2,485	(2,084)		48	(70)
Non-current		3,096	-		-	-
		<u>5,581</u>	<u>(2,084)</u>		<u>48</u>	<u>(70)</u>
30 June 2019						
Cash-flow hedges						
– Currency forwards	122,587	256	(387)	9,406	198	-
Call option		5,851	-		-	-
Sale of call option		-	(906)		-	-
		<u>6,107</u>	<u>(1,293)</u>		<u>198</u>	<u>-</u>
Current		256	(1,293)		198	-
Non-current		5,851	-		-	-
		<u>6,107</u>	<u>(1,293)</u>		<u>198</u>	<u>-</u>

Notes to the Financial Statements

For the financial year ended 30 June 2020

17 Financial assets, at FVOCI

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Equity securities – Quoted	8,023	4,923	8,023	4,923
Bonds – Unquoted	40,113	19,857	40,113	19,857
	48,136	24,780	48,136	24,780
Non-current				
Equity securities – Unquoted				
– Trumid Holdings, LLC	111,656	51,033	–	–
– Smartkarma Holdings Pte Limited	4,187	4,102	–	–
– Copa Fin Limited	3,426	3,648	–	–
	119,269	58,783	–	–

18 Investment property, and Property, plant and equipment

	Owner occupied property			Leasehold improvements \$'000	Furniture, fittings and office equipment \$'000	Computer hardware \$'000	Motor vehicle \$'000	Work-in- progress \$'000	Total \$'000
	Investment property \$'000	Freehold land \$'000	Building and plant \$'000						
Group									
2020 Cost									
At 1 July 2019	25,212	5,634	5,621	41,362	9,056	74,723	401	7,332	144,129
Acquisition of subsidiary	–	–	–	–	–	4	–	–	4
Reclassification	–	–	–	3,085	38	4,566	–	(7,689)	–
Additions	–	–	–	167	447	3,231	–	6,023	9,868
Disposals	–	–	–	(130)	(78)	(13,350)	–	–	(13,558)
Currency translation	(37)	(8)	(8)	–	(1)	–	–	–	(17)
At 30 June 2020	25,175	5,626	5,613	44,484	9,462	69,174	401	5,666	140,426
Accumulated depreciation									
At 1 July 2019	616	–	1,221	31,469	6,612	43,783	93	–	83,178
Depreciation charge	233	–	364	7,403	1,415	10,294	80	–	19,556
Disposals	–	–	–	(130)	(78)	(12,895)	–	–	(13,103)
Currency translation	(22)	–	(48)	–	67	(1)	–	–	18
At 30 June 2020	827	–	1,537	38,742	8,016	41,181	173	–	89,649
Net book value									
At 30 June 2020	24,348	5,626	4,076	5,742	1,446	27,993	228	5,666	50,777
Market value									
At 30 June 2020	28,962								

Notes to the Financial Statements

For the financial year ended 30 June 2020

18 Investment property, and Property, plant and equipment (continued)

	Owner occupied property				Furniture, fittings and office equipment	Computer hardware	Motor vehicle	Work-in-progress	Total
	Investment property	Freehold land	Building and plant	Leasehold improvements					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
2019									
Cost									
At 1 July 2018	26,593	5,898	6,397	42,385	7,704	67,056	401	9,494	139,335
Reclassification	(190)	-	(520)	-	768	9,716	-	(9,948)	16
Additions	-	-	30	29	602	1,067	-	7,786	9,514
Disposals	-	-	-	(1,052)	(11)	(3,111)	-	-	(4,174)
Currency translation	(1,191)	(264)	(286)	-	(7)	(5)	-	-	(562)
At 30 June 2019	<u>25,212</u>	<u>5,634</u>	<u>5,621</u>	<u>41,362</u>	<u>9,056</u>	<u>74,723</u>	<u>401</u>	<u>7,332</u>	<u>144,129</u>
Accumulated depreciation									
At 1 July 2018	359	-	991	24,912	5,112	36,483	13	-	67,511
Depreciation charge	256	-	457	7,598	1,432	10,220	80	-	19,787
Disposals	-	-	-	(1,041)	(11)	(2,919)	-	-	(3,971)
Currency translation	1	-	(227)	-	79	(1)	-	-	(149)
At 30 June 2019	<u>616</u>	<u>-</u>	<u>1,221</u>	<u>31,469</u>	<u>6,612</u>	<u>43,783</u>	<u>93</u>	<u>-</u>	<u>83,178</u>
Net book value									
At 30 June 2019	<u>24,596</u>	<u>5,634</u>	<u>4,400</u>	<u>9,893</u>	<u>2,444</u>	<u>30,940</u>	<u>308</u>	<u>7,332</u>	<u>60,951</u>
Market value									
At 30 June 2019	30,429								

The following amounts are recognised in the statement of comprehensive income of the Group:

	Group	
	2020	2019
	\$'000	\$'000
Rental income	2,174	2,292
Direct operating expenses arising from the investment property	(987)	(992)
	<u>1,187</u>	<u>1,300</u>

Details of the Group's investment property are as follows:

Location	Description	Tenure
The Baltic Exchange, 38 St Mary Axe, London EC3, United Kingdom	Office building	Freehold

Notes to the Financial Statements

For the financial year ended 30 June 2020

18 Investment property, and Property, plant and equipment (continued)

The fair value of the investment property was independently appraised by an external valuer and is determined using the income method. The property is classified under Level 3 of the fair value hierarchy and the significant unobservable input used for valuation is market yield. As at 30 June 2020, there were no transfers in and out of Level 3 of the fair value hierarchy in relation to the investment property (2019: No transfers in and out of Level 3 fair value hierarchy).

	Leasehold improve- ments \$'000	Furniture, fittings and office equipment \$'000	Computer hardware \$'000	Motor vehicle \$'000	Work-in- progress \$'000	Total \$'000
Company						
2020						
Cost						
At 1 July 2019	41,004	8,097	41,852	401	7,045	98,399
Reclassification	2,857	38	4,102	-	(6,997)	-
Additions	137	426	-	-	3,334	3,897
Disposals	(4)	(90)	(9,970)	-	-	(10,064)
At 30 June 2020	43,994	8,471	35,984	401	3,382	92,232
Accumulated depreciation						
At 1 July 2019	31,114	6,242	25,632	93	-	63,081
Depreciation charge	7,379	1,282	5,423	80	-	14,164
Disposals	(4)	(90)	(9,528)	-	-	(9,622)
At 30 June 2020	38,489	7,434	21,527	173	-	67,623
Net book value						
At 30 June 2020	5,505	1,037	14,457	228	3,382	24,609
2019						
Cost						
At 1 July 2018	41,979	7,343	40,940	401	2,681	93,344
Reclassification	-	231	2,646	-	(2,877)	-
Additions	29	534	5	-	7,241	7,809
Disposals	(1,004)	(11)	(1,739)	-	-	(2,754)
At 30 June 2019	41,004	8,097	41,852	401	7,045	98,399
Accumulated depreciation						
At 1 July 2018	24,593	4,879	20,918	13	-	50,403
Depreciation charge	7,525	1,374	6,260	80	-	15,239
Disposals	(1,004)	(11)	(1,546)	-	-	(2,561)
At 30 June 2019	31,114	6,242	25,632	93	-	63,081
Net book value						
At 30 June 2019	9,890	1,855	16,220	308	7,045	35,318

Notes to the Financial Statements

For the financial year ended 30 June 2020

19 Software

	Software \$'000	Work- in-progress \$'000	Total \$'000
Group			
2020			
Cost			
At 1 July 2019	374,759	21,501	396,260
Reclassification	30,330	(30,330)	-
Additions	545	30,947	31,492
Write-off	(41,362)	(123)	(41,485)
Currency translation	(1)	-	(1)
At 30 June 2020	<u>364,271</u>	<u>21,995</u>	<u>386,266</u>
Accumulated amortisation			
At 1 July 2019	214,170	-	214,170
Amortisation charge	44,340	-	44,340
Write-off	(40,428)	-	(40,428)
Currency translation	(14)	-	(14)
At 30 June 2020	<u>218,068</u>	<u>-</u>	<u>218,068</u>
Net book value			
At 30 June 2020	<u>146,203</u>	<u>21,995</u>	<u>168,198</u>
2019			
Cost			
At 1 July 2018	322,990	75,853	398,843
Reclassification	102,326	(102,152)	174
Additions	1,037	47,800	48,837
Write-off	(51,574)	-	(51,574)
Currency translation	(20)	-	(20)
At 30 June 2019	<u>374,759</u>	<u>21,501</u>	<u>396,260</u>
Accumulated amortisation			
At 1 July 2018	225,044	-	225,044
Amortisation charge	40,259	-	40,259
Write-off	(51,167)	-	(51,167)
Currency translation	34	-	34
At 30 June 2019	<u>214,170</u>	<u>-</u>	<u>214,170</u>
Net book value			
At 30 June 2019	<u>160,589</u>	<u>21,501</u>	<u>182,090</u>

Performance Overview

Group Overview

Value Creation &
Sustainability

Governance

Financials

Others

Notes to the Financial Statements

For the financial year ended 30 June 2020

19 Software (continued)

	Software \$'000	Work- in-progress \$'000	Total \$'000
Company			
2020			
Cost			
At 1 July 2019	63,443	7,173	70,616
Reclassification	10,039	(10,039)	-
Additions	23	13,076	13,099
Write-off	(9,630)	(123)	(9,753)
At 30 June 2020	<u>63,875</u>	<u>10,087</u>	<u>73,962</u>
Accumulated amortisation			
At 1 July 2019	34,077	-	34,077
Amortisation charge	7,700	-	7,700
Write-off	(8,800)	-	(8,800)
At 30 June 2020	<u>32,977</u>	<u>-</u>	<u>32,977</u>
Net book value			
At 30 June 2020	<u>30,898</u>	<u>10,087</u>	<u>40,985</u>
2019			
Cost			
At 1 July 2018	79,810	10,043	89,853
Reclassification	12,774	(12,774)	-
Additions	93	9,904	9,997
Write-off	(29,234)	-	(29,234)
At 30 June 2019	<u>63,443</u>	<u>7,173</u>	<u>70,616</u>
Accumulated amortisation			
At 1 July 2018	54,135	-	54,135
Amortisation charge	8,769	-	8,769
Write-off	(28,827)	-	(28,827)
At 30 June 2019	<u>34,077</u>	<u>-</u>	<u>34,077</u>
Net book value			
At 30 June 2019	<u>29,366</u>	<u>7,173</u>	<u>36,539</u>

Notes to the Financial Statements

For the financial year ended 30 June 2020

20 Right-of-use assets

Leases – The Group and the Company as a lessee

The Group and the Company leases office premises, data centres and equipment with varying terms and renewal rights. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group and the Company leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

	Premises 2020 \$'000	Other equipment 2020 \$'000	Total 2020 \$'000
Group			
At 1 July 2019	79,995	5,806	85,801
Depreciation charge	(18,957)	(1,223)	(20,180)
Additions to right-of-use assets	786	-	786
Reassessment and modifications ^(a)	20,717	-	20,717
At 30 June 2020	82,541	4,583	87,124
Company			
At 1 July 2019	79,451	5,806	85,257
Depreciation charge	(18,715)	(1,223)	(19,938)
Additions to right-of-use assets	647	-	647
Reassessment and modifications ^(a)	20,717	-	20,717
At 30 June 2020	82,100	4,583	86,683

^(a) Reassessment and modifications for the Group and the Company relate to changes in lease term and lease payments of existing leases.

(1) Other amounts recognised in profit or loss

	Group \$'000	Company \$'000
2020 – Leases under SFRS(I) 16		
Interest on lease liabilities (Note 11)	2,586	2,569
Expenses relating to short-term leases and low-value assets	2,714	1,879
	5,300	4,448
2019 – Operating leases under SFRS(I) 1-17		
Lease expense	25,172	18,060

(2) Amounts recognised in statement of cash flows

	Group 2020 \$'000
Total cash outflow for leases	20,860

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Notes to the Financial Statements

For the financial year ended 30 June 2020

20 Right-of-use assets (continued)

(3) Extension options

Some property leases contain extension options exercisable by the Group and the Company before the end of the non-cancellable contract period. Where practicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The Group and the Company assess at lease commencement date whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

21 Leases – The Group as a lessor

The Group leases out its investment property consisting of an office building (Note 18) and has classified the leases as operating leases from a lessor perspective. This is because the Group does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from the investment property is disclosed in Note 18.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	\$'000
2020 – Operating leases under SFRS(I) 16	
Less than one year	2,036
One to two years	487
Two to three years	487
Three to four years	447
Four to five years	432
More than five years	152
Total	4,041
2019 – Operating leases under SFRS(I) 1-17	
Less than one year	1,584
Between one and five years	2,209
More than five years	288
Total	4,081

Notes to the Financial Statements

For the financial year ended 30 June 2020

22 Intangible assets

	Right to operate Singapore electricity spot market \$'000	Trade name \$'000	Technical know-how \$'000	Customer relationships \$'000	Total \$'000
Group					
2020					
Cost					
At 1 July 2019	27,140	38,111	-	-	65,251
Acquisition of subsidiary (Note 24)	-	-	30,218	23,837	54,055
Currency translation	-	(54)	1,284	1,013	2,243
At 30 June 2020	27,140	38,057	31,502	24,850	121,549
Accumulated amortisation					
At 1 July 2019	4,296	3,389	-	-	7,685
Amortisation charge (Note 9)	906	1,290	1,302	2,055	5,553
Currency translation	-	(27)	11	15	(1)
At 30 June 2020	5,202	4,652	1,313	2,070	13,237
Net book value					
At 30 June 2020	21,938	33,405	30,189	22,780	108,312
			Right to operate Singapore electricity spot market \$'000	Trade name \$'000	Total \$'000
Group					
2019					
Cost					
At 1 July 2018			27,140	39,895	67,035
Currency translation			-	(1,784)	(1,784)
At 30 June 2019			27,140	38,111	65,251
Accumulated amortisation					
At 1 July 2018			3,392	2,215	5,607
Amortisation charge (Note 9)			904	1,306	2,210
Currency translation			-	(132)	(132)
At 30 June 2019			4,296	3,389	7,685
Net book value					
At 30 June 2019			22,844	34,722	57,566

Performance Overview

Group Overview

Value Creation &
Sustainability

Governance

Financials

Others

Notes to the Financial Statements

For the financial year ended 30 June 2020

22 Intangible assets (continued)

The intangible assets are the right to operate the Singapore electricity spot market, arising from the acquisition of EMC, the Baltic Exchange Limited ("BEL") trade name arising from the acquisition of BEL and technical know-how and customer relationships, arising from the acquisition of Scientific Beta Pte. Ltd. ("SB").

No impairment loss has been recognised as there is no objective evidence or indication that the carrying amounts may not be fully recoverable as at 30 June 2020 (2019: Nil).

23 Goodwill

	Group	
	2020 \$'000	2019 \$'000
Beginning of financial year	85,299	88,628
Acquisition of subsidiary (Note 24)	234,036	-
Currency translation	9,841	(3,329)
Balance at end of financial year	329,176	85,299

The goodwill relates to the acquisition of:

- a) EMC, a subsidiary operating the Singapore electricity spot market;
- b) BEL, a subsidiary providing freight market indices and information as well as membership services; and
- c) SB, an index-provider subsidiary specialising in smart beta strategies.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating unit ("CGU") expected to benefit from synergies of the business combination. Goodwill arising from the acquisition of EMC is allocated to EMC CGU, goodwill arising from the acquisition of BEL is allocated to Currencies and commodities CGU, and goodwill arising from the acquisition of SB is allocated to Data and indices CGU.

The carrying amounts of goodwill allocated to the following CGUs as at 30 June were as follows:

	Group	
	2020 \$'000	2019 \$'000
EMC	9,614	9,614
Currencies and commodities	75,585	-
Derivatives	-	75,685
Data and indices	243,977	-
	329,176	85,299

Goodwill arising from the acquisition of BEL is associated with the synergy arising from the growth of forward freight agreement and other commodities businesses. Following the changes to the organisation structure with effect from 1 July 2019, the forward freight agreement and other commodities businesses, previously part of the Derivatives unit, now forms part of the Currencies and commodities unit. Management now monitors the performance of Currencies and commodities unit separately, leading to the reallocation of CGU. Consequently, the CGU relating to goodwill arising from the acquisition of BEL has been reallocated from Derivatives to Currencies and commodities.

Notes to the Financial Statements

For the financial year ended 30 June 2020

23 Goodwill (continued)

The recoverable amount of the goodwill was determined based on value-in-use calculation using the discounted cash flow model. Key inputs of the computation are as follows:

CGU – EMC	Key Inputs	Basis
Free cash flows	Management's forecasts of earnings and capital expenditure over a ten-year period.	Past performance and market developments
Long term growth rate	2% – 3% (2019: 2% – 3%)	Long term inflation and growth rate of Singapore
Discount rate	10% (2019: 10%)	Cost of capital to operate the Singapore electricity spot market
CGU – Currencies and commodities	Key Inputs	Basis
Free cash flows	Management's forecasts of earnings and capital expenditure over a ten-year period.	Past performance, expectations of growth in currencies and commodities contract volumes and market developments
Long term growth rate	3%	Long term growth rate of developed economies
Discount rate	10%	Cost of capital to operate the Singapore currencies and commodities market
CGU – Derivatives	Key Inputs	Basis
Free cash flows	Management's forecasts of earnings and capital expenditure over a ten-year period.	Past performance, expectations of growth in derivatives contract volumes and market developments
Long term growth rate	2019: 3%	Long term growth rate of developed economies
Discount rate	2019: 10%	Cost of capital to operate the Singapore derivatives market

Notes to the Financial Statements

For the financial year ended 30 June 2020

23 Goodwill (continued)

CGU – Data and indices	Key Inputs	Basis
Free cash flows	Management's forecasts of earnings and capital expenditure over a ten-year period.	Past performance, expectations of growth in data and indices volumes and market developments
Long term growth rate	3% (2019: Not applicable)	Long term growth rate of developed economies
Discount rate	10% (2019: Not applicable)	Cost of capital to operate the data and indices market

Based on the value-in-use calculations, there is no impairment on goodwill (2019: Nil). While the estimated recoverable amount of the goodwill is sensitive to any change in key inputs to the value-in-use calculations, the change in the estimated recoverable amount from any reasonably possible change on the key input does not materially cause the recoverable amount to be lower than its carrying amount.

24 Acquisition of subsidiary

On 31 January 2020, SGX acquired 93% of the equity interest in Scientific Beta Pte. Ltd. ("SB") for a consideration of EUR 192,786,000, subject to closing adjustments. Consequently, SB became a subsidiary of SGX.

The principal activity of SB is that of an independent index provider specialising in smart beta strategies, with expertise in factor-based and risk-managed solutions. This acquisition strengthens SGX's research-based index design capabilities as well as broadens the range of index products and clientele for SB and SGX.

a) Purchase consideration (subject to closing adjustments)

	\$'000
Cash paid	289,547
Consideration transferred for the business	289,547

b) Effect on cash flows of the Group

	\$'000
Cash paid (as above)	289,547
Less: Cash and cash equivalents in subsidiary acquired	(17,676)
Cash outflow on acquisition	271,871

Notes to the Financial Statements

For the financial year ended 30 June 2020

24 Acquisition of subsidiary (continued)

c) Identifiable assets acquired and liabilities assumed (provisionally determined*)

	\$'000
Cash and cash equivalents	17,676
Trade and other receivables	13,812
Property, plant and equipment	4
Intangible assets	54,055
Total assets	85,547
Trade and other payables	11,828
Taxation	3,435
Deferred tax liabilities	10,595
Total liabilities	25,858
Total identifiable net assets	59,689
Less: Non-controlling interests based on proportionate interest	(4,178)
Add: Goodwill	234,036
Consideration transferred for the business	289,547

* The balances for identifiable assets and liabilities are provisionally determined. In accordance to SFRS(I) 3 *Business combinations*, if new information is obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition, adjustments will be identified to the above amounts and revised accordingly.

d) Acquisition-related costs

Total acquisition-related costs amounted to \$1,582,000. The costs are included in FY2020 consolidated income statement under Professional fees, Travelling and Others as well as the operating cash flows in the consolidated statement of cash flows.

e) Acquired receivables

The fair value and gross contractual amount of Trade and other receivables is \$13,812,000.

f) Intangible assets

The fair values of the intangible assets (technical know-how and customer relationships) were estimated to amount to \$54,055,000 based on relief-from-royalty method for technical know-how and multi-period excess earnings method for customer relationships. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the technical know-how being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

g) Goodwill

The goodwill of \$234,036,000 relates to synergies expected to arise from growth in the index and data business as well as wider range of product offerings and clients for SB and SGX.

h) Revenue and profit contribution

The acquired business contributed revenue of \$14,382,000 and \$2,436,000 net profit after tax to the Group for the period from 31 January 2020 to 30 June 2020. Had SB been consolidated from 1 July 2019, consolidated revenue and consolidated profit for the year ended 30 June 2020 would have been \$1,072,808,000 and \$477,219,000 respectively.

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Notes to the Financial Statements

For the financial year ended 30 June 2020

25 Investments in subsidiaries

	Company	
	2020 \$'000	2019 \$'000
<i>Equity investments at cost</i>		
Balance at beginning of financial year	826,741	697,851
Capital injection	5,000	128,890
	831,741	826,741
<i>Long-term receivables</i>		
Amount due from subsidiary	40,989	40,989
Balance at end of financial year	872,730	867,730

The amount due from subsidiary is interest-free and has no fixed terms of repayment.

Details of the subsidiaries are as follows:

Name of subsidiaries	Note	Principal activities	Country of business and incorporation	Equity held by			
				Company		Subsidiaries	
				2020 %	2019 %	2020 %	2019 %
Singapore Exchange Securities Trading Limited	(a)	Operating a securities exchange	Singapore	100	100	-	-
Singapore Exchange Derivatives Trading Limited	(a)	Operating a derivatives exchange	Singapore	100	100	-	-
The Central Depository (Pte) Limited	(a)	Providing clearing, counterparty guarantee, depository and related services for securities transactions	Singapore	100	100	-	-
Singapore Exchange Derivatives Clearing Limited	(a)	Providing clearing, counterparty guarantee and related services for derivatives transactions	Singapore	100	100	-	-
SGX Bond Trading Pte. Ltd.	(a)	Providing bond trading services	Singapore	100	100	-	-
Singapore Exchange Regulation Pte. Ltd.	(a)	Providing front-line regulatory functions	Singapore	100	100	-	-
Singapore Exchange IT Solutions Pte Limited	(a)	Providing computer services and software maintenance	Singapore	100	100	-	-

Notes to the Financial Statements

For the financial year ended 30 June 2020

25 Investments in subsidiaries (continued)

Name of subsidiaries	Note	Principal activities	Country of business and incorporation	Equity held by			
				Company		Subsidiaries	
				2020	2019	2020	2019
				%	%	%	%
Asian Gateway Investments Pte. Ltd.	(a)	Investment holding	Singapore	100	100	-	-
Singapore Commodity Exchange Limited	(a)	Dormant	Singapore	100	100	-	-
SGX International Pte. Ltd.	(a)	Dormant	Singapore	100	100	-	-
Securities Clearing and Computer Services (Pte) Limited	(a)	Dormant	Singapore	100	100	-	-
Asian Gateway Investments (China) Pte. Ltd.	(a)	Investment holding	Singapore	-	-	100	100
SGX Baltic Investments Pte. Ltd.	(a)	Investment holding	Singapore	-	-	100	100
The Baltic Exchange Limited	(b)	Investment holding, membership services and provision of management services to related corporations	United Kingdom	-	-	100	100
Baltic Exchange Derivatives Trading Limited	(b)	Dormant	United Kingdom	-	-	100	100
Baltic Exchange Information Services Limited	(b)	Providing and distributing bulk freight market indices and information	United Kingdom	-	-	100	100
The Baltic Exchange (Asia) Pte. Limited	(a)	Distributing bulk freight market indices and information in Asia and membership services	Singapore	-	-	100	100
Energy Market Company Pte Ltd	(a)	Operating an electricity market	Singapore	-	-	100	100
Scientific Beta Pte. Ltd.	(f), (i)	Providing management consultancy services of index activities	Singapore	-	-	93	-

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Notes to the Financial Statements

For the financial year ended 30 June 2020

25 Investments in subsidiaries (continued)

Name of subsidiaries	Note	Principal activities	Country of business and incorporation	Equity held by			
				Company		Subsidiaries	
				2020	2019	2020	2019
				%	%	%	%
EDHEC North America, Inc.	(c), (f)	Providing services and administration of index activities	United States of America	-	-	100	-
Scientific Beta (France) SAS	(f), (g)	Providing services and administration for index calculation, risk analyses and financial research	France	-	-	100	-
EDHEC Risk Consulting Limited	(f), (h)	Providing services and administration for index calculation and risk analyses	United Kingdom	-	-	100	-
Asia Converge Pte Ltd	(a)	Dormant	Singapore	-	-	100	100
Asiaclear Pte Ltd	(a)	Dormant	Singapore	-	-	100	100
CDP Nominees Pte Ltd	(a)	Dormant	Singapore	-	-	100	100
Globalclear Pte Ltd	(a)	Dormant	Singapore	-	-	100	100
Joint Asian Derivatives Pte. Ltd.	(a)	Dormant	Singapore	-	-	100	100
SGX America Limited	(c)	Providing consultancy services	United States of America	-	-	100	100
Shanghai Yaxu Consultancy Company Limited	(d), (e)	Providing consultancy services	People's Republic of China	-	-	100	100

(a) Audited by KPMG LLP, Singapore for financial year ended 30 June 2020. PricewaterhouseCoopers LLP, Singapore was the auditor for financial year ended 30 June 2019.

(b) Audited by KPMG LLP, United Kingdom for financial year ended 30 June 2020. PricewaterhouseCoopers LLP, United Kingdom was the auditor for financial year ended 30 June 2019.

(c) Not required to be audited in the United States of America.

(d) Audited by KPMG Huazhen LLP, People's Republic of China, for financial year ended 31 December 2019. PricewaterhouseCoopers Zhong Tian LLP, People's Republic of China, was the auditor for financial year ended 31 December 2018.

(e) The subsidiary's financial year-end is 31 December.

(f) The subsidiary's financial year-end is 31 December and is in the process of changing its financial year-end to 30 June.

(g) Audited by PricewaterhouseCoopers LLP, France for financial year ended 31 December 2019.

(h) Audited by MacIntyre & Hudson, United Kingdom for financial year ended 31 December 2019.

(i) Audited by Mazars LLP, Singapore for financial year ended 31 December 2019.

Notes to the Financial Statements

For the financial year ended 30 June 2020

25 Investments in subsidiaries (continued)

The Group acquired the following subsidiaries during the financial year:

Name	Principal activities	Country of business and incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020 %	2019 %	2020 %	2019 %
Scientific Beta Pte. Ltd.	Providing management consultancy services of index activities	Singapore	93	-	7	-
EDHEC North America, Inc.	Providing services and administration of index activities	United States of America	93	-	7	-
Scientific Beta (France) SAS	Providing services and administration for index calculation, risk analyses and financial research	France	93	-	7	-
EDHEC Risk Consulting Limited	Providing services and administration for index calculation and risk analyses	United Kingdom	93	-	7	-
			Group			
			2020		2019	
			\$'000		\$'000	
<i>Carrying value of non-controlling interests</i>						
Subsidiaries with immaterial non-controlling interests						
- Scientific Beta Pte. Ltd.			4,435		-	
			4,435		-	

Notes to the Financial Statements

For the financial year ended 30 June 2020

26 Investments in associated companies

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investments in associated companies	71,877	78,967	4,389	4,389

Details of the associated companies held by the Group and the Company are as follows:

Name of company	Principal activities	Country of business and incorporation	Equity held by	
			2020 %	2019 %
<i>Held by the Group through a subsidiary</i>				
Capbridge Pte. Ltd.	Shares, stocks and bonds broking	Singapore	8.7^(a)	10.1 ^(a)
Capbridge Platform Pte. Ltd.	Operating private market platform	Singapore	12.1^(a)	12.5 ^(a)
Commodities Intelligence Centre Pte. Ltd.	Operating e-commerce platform	Singapore	10.0^(a)	10.0 ^(a)
ICHX Tech Pte. Ltd.	Operating capital markets platform	Singapore	10.1^(a)	4.6 ^(a)
Freightos Limited	Operating online freight marketplace	Hong Kong	16.3^(a)	16.5 ^(a)
BidFX Systems Ltd	Operating FX trading platform	United Kingdom	20.0	20.0
<i>Held by the Company</i>				
Philippines Dealing System Holdings Corp	Investment holding	Philippines	20.0	20.0

^(a) Where the voting rights are less than 20%, the presumption that the entity is not an associated company is overcome if the Group has significant influence including representation on the board of directors or participation in policy-making process of the investee.

There was no associated company that was individually material to the Group (2019: Nil).

Notes to the Financial Statements

For the financial year ended 30 June 2020

26 Investments in associated companies (continued)

The following table summarises, in aggregate, the Group's share of loss and other comprehensive income of the Group's individually immaterial associates accounted for using the equity method:

	Group	
	2020 \$'000	2019 \$'000
Carrying amount of interests		
Loss from continuing operations	(2,290)	(1,500)
Total comprehensive income	(2,290)	(1,500)

There are no contingent liabilities relating to the Group's interest in the associated company (2019: Nil).

27 Investment in joint venture

	Group	
	2020 \$'000	2019 \$'000
Investment in joint venture	90	100

Details of the joint venture held by the Group through a subsidiary is as follows:

Name of company	Principal activities	Country of business and incorporation	Equity held	
			2020 %	2019 %
SGX MySteel Index Company Private Limited	Indexation and benchmarking of commodities	Singapore	50	50

Asian Gateway Investments Pte. Ltd., a wholly owned subsidiary of the Company, entered into a joint venture agreement with Shanghai Ganglian E-Commerce Holdings to establish the joint venture, SGX MySteel Index Company Private Limited ("SGX MySteel"). SGX MySteel has remained dormant during the financial year.

The following table summarises, in aggregate, the Group's share of loss and other comprehensive income of the joint venture accounted for using the equity method:

	Group	
	2020 \$'000	2019 \$'000
Carrying amount of interests		
Loss from continuing operations	(11)	-
Total comprehensive income	(11)	-

Notes to the Financial Statements

For the financial year ended 30 June 2020

28 Trade and other payables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Trade payables (Note (a))	642,991	767,639	1,654	38
Other payables (Note (b))	165,673	143,867	66,340	57,303
Amount due to subsidiaries (non-trade) (Note (c))	-	-	47,766	222,678
	808,664	911,506	115,760	280,019

(a) Trade payables comprise:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Payables to clearing members and settlement banks – Daily settlement of accounts for due contracts and rights (Note 14(a))	452,524	564,621	-	-
Payables under NEMS (Note 15)	102,967	149,898	-	-
Other trade payables	87,500	53,120	1,654	38
	642,991	767,639	1,654	38

The payables to clearing members and settlement banks represent the net settlement obligations by CDP. The corresponding net settlement obligations by clearing members and settlement banks to CDP are disclosed in Note 14(a).

(b) Other payables comprise:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Accrual for operating expenses	65,781	69,742	19,889	21,891
Accrual for bonus	65,694	54,711	36,781	30,155
Defined contribution plans payable	1,640	1,714	1,123	1,045
Advance receipts	10,654	10,127	-	8
Deferred grant income	3,943	-	3,943	-
Sundry creditors	3,107	2,118	1,302	613
Others (non-trade)	14,854	5,455	3,302	3,591
	165,673	143,867	66,340	57,303

(c) The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements

For the financial year ended 30 June 2020

29 Borrowings

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Unsecured bank borrowings	302,036	-	302,036	-
Bank overdrafts repayable on demand and used for cash management purposes (Note 13)	2,035	-	-	-
	304,071	-	302,036	-

The exposure of the Group and the Company to interest rate, currency and liquidity risk is disclosed in Note 46.

(a) Terms and debt repayment schedule

The terms and conditions of outstanding borrowings are as follows:

	Currency	Weighted average interest rate	Year of maturity	2020		2019	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group and Company							
Unsecured bank borrowings	EUR	0.36%	2020	302,036	302,036	-	-

(b) Reconciliation of liabilities arising from financing activities

	Unsecured bank borrowings \$'000
At 1 July 2019	-
Financing cash flows	
Proceeds from borrowings	585,124
Repayment of borrowings	(295,694)
Interest paid	(113)
	<u>289,317</u>
Non-cash changes	
Effect of changes in foreign exchange rates	12,417
Interest expense	302
	<u>12,719</u>
At 30 June 2020	302,036

Notes to the Financial Statements

For the financial year ended 30 June 2020

30 Lease liabilities

	Group 2020 \$'000	Company 2020 \$'000
Current lease liabilities	19,483	19,132
Non-current lease liabilities	69,547	69,475
	89,030	88,607

The exposure of the Group and the Company to interest rate, currency and liquidity risk is disclosed in Note 46.

(a) Repayment schedule of lease liabilities

2020	Payment \$'000	Interest \$'000	Principal \$'000
Group			
Within 1 year	21,643	2,160	19,483
After 1 year but within 5 years	67,261	3,523	63,738
After 5 years	5,904	95	5,809
	94,808	5,778	89,030
Company			
Within 1 year	21,286	2,154	19,132
After 1 year but within 5 years	67,189	3,523	63,666
After 5 years	5,904	95	5,809
	94,379	5,772	88,607

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities \$'000
At 1 July 2019	85,801
Financing cash flows	
Repayment of lease liabilities	(20,860)
	<u>(20,860)</u>
Non-cash changes	
New leases	743
Reassessment and modifications	20,754
Interest expense (Note 11)	2,586
Effect of changes in foreign exchange rates	6
	<u>24,089</u>
At 30 June 2020	89,030

Notes to the Financial Statements

For the financial year ended 30 June 2020

31 Income taxes

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

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

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

(a) Income tax expense

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Tax expense attributable to profit is made up of:				
- current income tax	105,915	76,645	6,314	4,095
- deferred income tax	(6,455)	6,507	(1,384)	(16)
	99,460	83,152	4,930	4,079
Under/(over) provision in prior financial years:				
- current income tax	294	(1,301)	235	(443)
- deferred income tax	(791)	36	(742)	-
	98,963	81,887	4,423	3,636

(b) Tax reconciliation

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Profit before tax and share of results of associated companies and joint venture	573,249	474,485	436,373	385,398
Tax calculated at a tax rate of 17% (2019: 17%)	97,452	80,662	74,183	65,518
Tax effect of:				
Singapore statutory income exemption	(162)	(148)	(17)	(17)
Income not subject to tax	(1,877)	(34)	(70,977)	(62,747)
Tax incentives and rebate	(690)	(387)	(680)	(379)
Expenses not deductible for tax purposes	3,492	1,954	1,672	1,115
Others	1,245	1,105	749	589
Over provision in prior financial years	(497)	(1,265)	(507)	(443)
	98,963	81,887	4,423	3,636

Notes to the Financial Statements

For the financial year ended 30 June 2020

31 Income taxes (continued)

(c) Movements in provision for tax

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at beginning of financial year	77,167	82,440	4,148	3,896
Acquisition of subsidiary	3,435	-	-	-
Income tax paid	(72,385)	(79,694)	(4,165)	(3,338)
Tax expense on profit for the financial year	105,915	76,645	6,314	4,033
Under/(over) provision in prior financial years	294	(1,301)	235	(443)
Utilisation of losses and capital allowances ^(a)	(5,006)	(910)	(176)	-
Currency translation	138	(13)	-	-
Balance at end of financial year	109,558	77,167	6,356	4,148

^(a) This arises from transfer of prior year's tax losses and unutilised capital allowances between entities within the Group.

(d) Deferred income tax

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deferred tax assets:				
- to be recovered within 12 months	3,792	2,554	2,838	1,320
- to be recovered after 12 months	1,554	590	1,554	590
	5,346	3,144	4,392	1,910
- Effect of offsetting	(5,346)	(3,144)	(4,392)	(1,910)
	-	-	-	-
Deferred tax liabilities:				
- to be settled within 12 months	11,619	5,321	2,488	2,839
- to be settled after 12 months	56,042	37,789	5,804	5,824
	67,661	43,110	8,292	8,663
- Effect of offsetting	(5,346)	(3,144)	(4,392)	(1,910)
	62,315	39,966	3,900	6,753

Notes to the Financial Statements

For the financial year ended 30 June 2020

31 Income taxes (continued)

(d) Deferred income tax (continued)

The movements in the deferred tax assets and liabilities during the financial year are as follows:

The Group – deferred tax assets

	Unutilised tax losses		Unutilised capital allowances		Employee share plans		Unutilised Leave		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year	1,234	1,703	-	60	1,910	1,607	-	-	-	-	3,144	3,370
Credited/(charged) to profit or loss	4,392	441	-	(60)	571	289	1,195	-	431	-	6,589	670
Utilisation of losses and capital allowances ^(a)	(5,006)	(910)	-	-	-	-	-	-	-	-	(5,006)	(910)
Charged to equity	-	-	-	-	619	14	-	-	-	-	619	14
Balance at end of financial year	620	1,234	-	-	3,100	1,910	1,195	-	431	-	5,346	3,144

^(a) This arises from transfer of prior year's tax losses and unutilised capital allowances between entities within the Group.

The Group – deferred tax liabilities

	Cash flow hedge reserve		Accelerated tax depreciation		Intangible assets arising from business combinations		Financial assets, at FVOCI		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year	(26)	(288)	29,753	22,109	13,330	14,200	53	23	43,110	36,044
Acquisition from subsidiary	-	-	-	-	10,595	-	-	-	10,595	-
Charged/(credited) to profit or loss	-	-	389	7,635	(1,046)	(422)	-	-	(657)	7,213
Charged to equity	91	262	-	-	-	-	14,117	30	14,208	292
Currency translation	-	-	-	9	405	(448)	-	-	405	(439)
Balance at end of financial year	65	(26)	30,142	29,753	23,284	13,330	14,170	53	67,661	43,110

Notes to the Financial Statements

For the financial year ended 30 June 2020

31 Income taxes (continued)

(d) Deferred income tax (continued)

The Company – deferred tax assets

	Employee share plans		Unutilised leave		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year	1,910	1,607	-	-	-	-	1,910	1,607
Credited to profit or loss	571	289	963	-	329	-	1,863	289
Credited to equity	619	14	-	-	-	-	619	14
Balance at end of financial year	3,100	1,910	963	-	329	-	4,392	1,910

The Company – deferred tax liabilities

	Cash flow hedge reserve		Financial assets, at FVOCI		Accelerated tax depreciation		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year	32	(7)	53	23	8,578	8,303	8,663	8,319
(Credited)/charged to profit or loss	-	-	-	-	(263)	275	(263)	275
(Credited)/charged to equity	(42)	39	(66)	30	-	-	(108)	69
Balance at end of financial year	(10)	32	(13)	53	8,315	8,578	8,292	8,663

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

	Group	
	2020	2019
	\$'000	\$'000
Tax losses	22,594	22,674

These items principally relate to four (2019: four) entities within the Group which are dormant.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The tax losses are subject to the relevant provisions of the Singapore Income Tax Act and confirmation by the tax authorities.

Notes to the Financial Statements

For the financial year ended 30 June 2020

31 Income taxes (continued)

(e) Tax effects on other comprehensive income

	Group			Company		
	Before tax \$'000	Tax benefit/ (liability) \$'000	Net of tax \$'000	Before tax \$'000	Tax benefit/ (liability) \$'000	Net of tax \$'000
2020						
Other comprehensive income						
Foreign exchange translation	(443)	-	(443)	-	-	-
Fair value gains/(losses) and transferred to profit or loss on cash flow hedges	564	(91)	473	(248)	42	(206)
Fair value gains on financial assets, at FVOCI	59,506	(14,117)	45,389	(980)	66	(914)
	59,627	(14,208)	45,419	(1,228)	108	(1,120)
2019						
Other comprehensive income						
Foreign exchange translation	(6,161)	-	(6,161)	-	-	-
Fair value gains/(losses) and transferred to profit or loss on cash flow hedges	1,539	(262)	1,277	225	(39)	186
Fair value gains on financial assets, at FVOCI	8,838	(30)	8,808	168	(30)	138
	4,216	(292)	3,924	393	(69)	324

32 Provisions

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Provision for SGX-MAS Market Development Scheme (Note (a))	1,802	1,802	-	-
Provision for unutilised leave (Note (b))	8,532	6,104	5,663	3,773
Provision for dismantlement, removal or restoration of property, plant and equipment (Note (c))	3,601	3,601	3,582	3,582
	13,935	11,507	9,245	7,355

Notes to the Financial Statements

For the financial year ended 30 June 2020

32 Provisions (continued)

(a) Provision for SGX-MAS Market Development Scheme

Provision for SGX-MAS Market Development Scheme is used to fund projects that raise awareness of the securities and derivatives market among investors.

(b) Provision for unutilised leave

Provision for unutilised leave is the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at beginning of financial year	6,104	5,560	3,773	3,526
Provision made during the financial year, net	2,428	544	1,890	247
Balance at end of financial year	8,532	6,104	5,663	3,773

(c) Provision for dismantlement, removal or restoration of property, plant and equipment

Provision for dismantlement, removal or restoration of leased premises is expected to be utilised upon return of these leased premises.

33 Financial liability

	Group	
	2020 \$'000	2019 \$'000
Forward liability to acquire non-controlling interests	40,548	-

Arising from the acquisition of SB, the forward liability relates to a put and call option agreement with the non-controlling shareholder of SB to acquire its 7% equity interests in SB.

Notes to the Financial Statements

For the financial year ended 30 June 2020

34 Share capital

(a) Share capital and treasury shares

Group and Company

	Number of shares		Amount	
	Issued shares '000	Treasury shares '000	Share Capital \$'000	Treasury shares \$'000
2020				
Balance at beginning of financial year	1,071,642	1,839	429,113	(13,233)
Purchase of treasury shares	-	2,002	-	(17,002)
Vesting of shares under share-based remuneration plans	-	(1,136)	567	8,333
Vesting of shares under restricted share plan	-	(42)	58	287
Tax effect on treasury shares	-	-	-	619
Balance at end of financial year	1,071,642	2,663	429,738	(20,996)
2019				
Balance at beginning of financial year	1,071,642	1,536	429,236	(11,363)
Purchase of treasury shares	-	1,327	-	(9,502)
Vesting of shares under share-based remuneration plans	-	(979)	(109)	7,278
Vesting of shares under restricted share plan	-	(45)	(14)	340
Tax effect on treasury shares	-	-	-	14
Balance at end of financial year	1,071,642	1,839	429,113	(13,233)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company, except for shares held as treasury shares.

The Company purchased 2,002,000 of its shares (2019: 1,327,000) in the open market during the financial year. The total amount paid to purchase the shares was \$17,002,000 (2019: \$9,502,000). The Company holds the shares bought back as treasury shares and plans to use these shares to fulfil its obligations under the Company's share-based remuneration plans and restricted share plans.

Notes to the Financial Statements

For the financial year ended 30 June 2020

34 Share capital (continued)

(b) Performance share plans

(i) Outstanding performance shares

Details of performance shares awarded to participants at the balance sheet date are as follows:

Number of shares	Group and Company					Total
	FY2016 grant*	FY2017 grant**	FY2018 grant**	FY2019 grant**	FY2020 grant**	
2020						
Balance at beginning of financial year	391,600	604,600	621,600	696,500	-	2,314,300
Granted	-	-	-	-	711,000	711,000
Lapsed	(391,600)	-	-	-	-	(391,600)
Balance at end of financial year	-	604,600	621,600	696,500	711,000	2,633,700
2019						
Balance at beginning of financial year	391,600	604,600	621,600	-	-	1,617,800
Granted	-	-	-	696,500	-	696,500
Balance at end of financial year	391,600	604,600	621,600	696,500	-	2,314,300

* The performance targets were not met and accordingly, no performance shares vested during the financial year ended 30 June 2020.

** Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

The terms of the performance share plans are set out in the Directors' Statement under the caption "SGX Performance Share Plan".

Notes to the Financial Statements

For the financial year ended 30 June 2020

34 Share capital (continued)

(b) Performance share plans (continued)

(ii) Fair value of performance shares

The fair value of the performance shares at grant date and the key assumptions of the fair value model for the grants were as follows:

	FY2020 grant	FY2019 grant	FY2018 grant	FY2017 grant	FY2016 grant
Date of grant	15.08.2019	15.08.2018	15.09.2017	15.08.2016	30.10.2015
Vesting date	01.09.2023	01.09.2022	01.09.2021	01.09.2020	01.09.2019
Number of performance shares at grant date	711,000	696,500	658,200	658,800	487,500
Fair value per performance share at grant date	\$7.08	\$7.46	\$7.25	\$6.68	\$6.30
Assumptions under Monte-Carlo Model					
Expected volatility					
Shares of Singapore Exchange Limited	14.20%	15.82%	17.30%	17.42%	16.30%
Shares of selected peer exchanges	14.80% to 31.40%	15.62% to 31.96%	15.64% to 42.66%	16.60% to 48.79%	18.51% to 51.53%
Shares of Straits Times Index peer companies	13.10% to 39.30%	15.75% to 34.91%	15.68% to 35.45%	-	-
Historical volatility period	36 months	36 months	36 months	36 months	36 months
Risk-free interest rate					
Date on which yield of Singapore government bond was based	15.08.2019	15.08.2018	15.09.2017	15.08.2016	30.10.2015
Term (years)	3	3	3	3	3
Expected dividend yield based on management's forecast					
	3.64%	4.04%	3.77%	4.18%	4.11%
Share price reference	\$8.25	\$7.43	\$7.42	\$7.58	\$7.38

Notes to the Financial Statements

For the financial year ended 30 June 2020

34 Share capital (continued)

(c) Deferred long-term incentives scheme

(i) Outstanding deferred long-term incentives shares

Details of deferred long-term incentives shares awarded to recipients at the balance sheet date are as follows:

Number of shares	Group and Company				Total
	FY2017 award	FY2018 award	FY2019 award	FY2020 award	
2020					
Balance at beginning of financial year	329,312	731,042	1,338,600	-	2,398,954
Awarded	-	-	-	1,446,200	1,446,200
Vested	(328,278)	(364,358)	(443,598)	-	(1,136,234)
Lapsed	(1,034)	(8,804)	(27,101)	(23,000)	(59,939)
Balance at end of financial year	-	357,880	867,901	1,423,200	2,648,981

Number of shares	Group and Company				Total
	FY2016 award	FY2017 award	FY2018 award	FY2019 award	
2019					
Balance at beginning of financial year	268,870	683,508	1,136,500	-	2,088,878
Awarded	-	-	-	1,379,800	1,379,800
Vested	(265,636)	(338,292)	(375,455)	-	(979,383)
Lapsed	(3,234)	(15,904)	(30,003)	(41,200)	(90,341)
Balance at end of financial year	-	329,312	731,042	1,338,600	2,398,954

The terms of the deferred long-term incentives scheme are set out in the Directors' Statement under the caption "SGX Deferred Long-Term Incentives Scheme".

Notes to the Financial Statements

For the financial year ended 30 June 2020

34 Share capital (continued)

(c) Deferred long-term incentives scheme (continued)

(ii) Fair value of deferred long-term incentives shares

The fair value of deferred long-term incentives shares was estimated by the present value of the share price adjusted for future expected dividends. The fair value of shares at award date and the key assumptions of the fair value model for the awards were as follows:

FY2020 Award

Date of award	← 15.08.2019 →		
Vesting date	01.09.2020	01.09.2021	01.09.2022
Number of shares at award date	482,009	482,009	482,182
Fair value per deferred long-term incentives share at award date	\$7.71	\$7.41	\$7.13

Assumptions used in fair value model

Risk-free interest rate	1.67%	1.63%	1.62%
Date on which yield of Singapore government bond was based	15.08.2019	15.08.2019	15.08.2019

Expected dividend yield based on management's forecast	3.64%	3.64%	3.64%
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Share price reference	\$8.25	\$8.25	\$8.25
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FY2019 Award

Date of award	← 15.08.2018 →		
Vesting date	01.09.2019	01.09.2020	01.09.2021
Number of shares at award date	459,896	459,896	460,008
Fair value per deferred long-term incentives share at award date	\$7.14	\$6.84	\$6.56

Assumptions used in fair value model

Risk-free interest rate	1.74%	1.95%	2.07%
Date on which yield of Singapore government bond was based	15.08.2018	15.08.2018	15.08.2018

Expected dividend yield based on management's forecast	4.04%	4.04%	4.04%
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Share price reference	\$7.43	\$7.43	\$7.43
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Notes to the Financial Statements

For the financial year ended 30 June 2020

34 Share capital (continued)

(c) Deferred long-term incentives scheme (continued)

(ii) Fair value of deferred long-term incentives shares (continued)

FY2018 Award

Date of award	← 15.08.2017 →		
Vesting date	01.09.2018	01.09.2019	01.09.2020
Number of shares at award date	391,286	391,286	391,428
Fair value per deferred long-term incentives share at award date	\$7.25	\$6.98	\$6.71

Assumptions used in fair value model

Risk-free interest rate	1.18%	1.31%	1.46%
Date on which yield of Singapore government bond was based	15.08.2017	15.08.2017	15.08.2017

Expected dividend yield based on management's forecast	3.77%	3.77%	3.77%
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Share price reference	\$7.57	\$7.57	\$7.57
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FY2017 Award

Date of award	← 15.08.2016 →		
Vesting date	01.09.2017	01.09.2018	01.09.2019
Number of shares at award date	371,853	371,853	371,994
Fair value per deferred long-term incentives share at award date	\$7.38	\$7.10	\$6.79

Assumptions used in fair value model

Risk-free interest rate	0.80%	0.89%	1.03%
Date on which yield of Singapore government bond was based	15.08.2016	15.08.2016	15.08.2016

Expected dividend yield based on management's forecast	3.69%	4.22%	4.62%
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Share price reference	\$7.66	\$7.66	\$7.66
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Notes to the Financial Statements

For the financial year ended 30 June 2020

34 Share capital (continued)

(c) Deferred long-term incentives scheme (continued)

(ii) Fair value of deferred long-term incentives shares (continued)

FY2016 Award

Date of award	← 17.08.2015 →		
Vesting date	01.09.2016	01.09.2017	01.09.2018
Number of shares at award date	318,690	318,690	318,820
Fair value per deferred long-term incentives share at award date	\$7.72	\$7.74	\$7.69
Assumptions used in fair value model			
Risk-free interest rate	0.97%	1.17%	1.43%
Date on which yield of Singapore government bond was based	17.08.2015	17.08.2015	17.08.2015
Expected dividend yield based on management's forecast	3.91%	3.65%	4.36%
Share price reference	\$8.02	\$8.02	\$8.02

Restricted Share Plan

Details of restricted share plan ("RSP") awarded to recipients at the balance sheet date are as follows:

	Group and Company	
	2020	2019
Number of shares		
Balance at beginning of financial year	-	-
Awarded	41,512	44,848
Vested	(41,512)	(44,848)
Balance at end of financial year	-	-

The terms of the RSP are set out in the Directors' Statement under the caption "SGX Restricted Share Plan".

The RSP award relates to approximately one-quarter of the Group's Chairman fees and approximately one-quarter of selected non-executive directors basic fees (collectively known as "Fees") which were paid in shares in lieu of cash.

The number of shares to be awarded was estimated by Fees divided by volume weighted average share price of SGX share listed on the Singapore Exchange Securities Trading Limited over 14 trading days immediately following the date of the Annual General Meeting on 3 October 2019 (FY2019 award: 20 September 2018).

Notes to the Financial Statements

For the financial year ended 30 June 2020

35 Other reserve

	Group	
	2020 \$'000	2019 \$'000
Forward liability to acquire non-controlling interests	40,506	-

36 Dividends

	Group and Company	
	2020 \$'000	2019 \$'000
Interim tax-exempt dividends of 22.5 cents per share (2019: 22.5 cents)	240,872	240,802
Proposed final tax-exempt dividends of 8.0 cents per share (2019: 7.5 cents)	85,518	80,235
	326,390	321,037

The directors have proposed a final tax-exempt dividend for FY2020 of 8.0 cents (2019: 7.5 cents) per share amounting to a total of \$85,518,000 (2019: \$80,235,000). The proposed dividend has been transferred from retained profits to the proposed dividends reserve.

37 Segment information

Management determines the operating segments based on the reports reviewed and used by the Executive Management Committee for performance assessment and resources allocation.

The Group operates primarily in Singapore and is organised into four segments as follows:

- (i) Fixed Income, Currencies and Commodities – Provision of fixed income issuer services, trading and clearing services and collateral management.
- (ii) Equities – Provision of issuer services, securities trading and clearing, securities settlement and depository management, derivatives trading and clearing and collateral management.
- (iii) Data, Connectivity and Indices – Provision of market data, connectivity and indices services.
- (iv) Corporate – Non-operating segment comprising corporate activities which are not allocated to the three operating segments described above.

Segment performance is evaluated based on operating profits of the segment. Management monitors the operating results of the segments for the purpose of making decisions on performance assessment and resource allocation.

Notes to the Financial Statements

For the financial year ended 30 June 2020

37 Segment information (continued)

	Fixed Income, Currencies and Commodities \$'000	Equities \$'000	Data, Connectivity and Indices \$'000	Corporate \$'000	The Group \$'000
2020					
Operating Revenue	171,414	759,680	121,604	-	1,052,698
Earnings before interest, tax, depreciation and amortisation	65,301	515,512	74,843	-	655,656
Depreciation and amortisation	23,471	52,641	13,750	-	89,862
Operating profit	41,830	462,871	61,093	-	565,794
Non-operating gains	-	-	-	7,455	7,455
Share of results of associated companies and joint venture, net of tax	-	-	-	(2,301)	(2,301)
Tax	-	-	-	(98,963)	(98,963)
Net profit after tax					471,985
2019 (Restated)					
Operating Revenue	138,991	668,287	102,530	-	909,808
Earnings before interest, tax, depreciation and amortisation	43,185	420,968	59,376	-	523,529
Depreciation and amortisation	19,119	38,583	4,810	-	62,512
Operating profit	24,066	382,385	54,566	-	461,017
Non-operating gains	-	-	-	13,468	13,468
Share of results of associated companies and joint venture, net of tax	-	-	-	(1,500)	(1,500)
Tax	-	-	-	(81,887)	(81,887)
Net profit after tax					391,098

38 Securities Clearing Fund

The Securities Clearing Fund was established under the clearing rules of the securities clearing subsidiary, CDP. The clearing fund is to provide resources to enable CDP to discharge its obligations and the liabilities of defaulting clearing members arising from transactions in approved securities and futures.

The Securities Clearing Fund uses a scalable structure that aligns members' contributions to their clearing risk exposure with CDP. Contributions by clearing members will vary with their value of securities cleared with CDP.

Notes to the Financial Statements

For the financial year ended 30 June 2020

38 Security Clearing Fund (continued)

The Securities Clearing Fund comprised contributions from both CDP and its clearing members as follows:

(a) Contribution by CDP

	Group	
	2020 \$'000	2019 \$'000
Cash at bank – contributed by CDP	60,000	60,000

Cash contributions by CDP are denominated in SGD and placed in interest bearing accounts with 2 banks (2019: 2 banks). The initial \$25,000,000 contribution by CDP into the Securities Clearing Fund is recorded in the securities clearing fund reserve.

(b) Contribution by Clearing Members

The cash contributions from CDP clearing members are not recorded in the statement of financial position of the Group as these contributions are held in trust by the Group.

	Group	
	2020 \$'000	2019 \$'000
Contributions by CDP clearing members – cash at bank, held in trust	49,036	47,154

The Securities Clearing Fund is a trust asset held subject to the trust purposes set out in CDP Clearing Rule 7.1.2.

Payments out of the Securities Clearing Fund shall be made in the following order:

- (1) Contributions by defaulting clearing members;
- (2) Contributions by CDP of an amount not less than 15% of the Securities Clearing Fund size or \$30,000,000, whichever is higher;
- (3) Collateralised contributions by all other non-defaulting clearing members on a pro-rata basis in the proportion of each clearing member's required Collateralised Contribution to the total required Collateralised Contributions of all other non-defaulting clearing members at the time of default;
- (4) Contingent contributions by all other non-defaulting clearing members on a pro-rata basis in the proportion of each clearing member's required Contingent Contributions to the total required Contingent Contributions of all other non-defaulting clearing members;
- (5) Insurance (if any); and
- (6) Any other contributions (the last layer of the Securities Clearing Fund contributed by CDP amounted to \$30,000,000 (2019: \$30,000,000)).

Notes to the Financial Statements

For the financial year ended 30 June 2020

39 Singapore Exchange Derivatives Clearing Limited (“SGX-DC”) Clearing Fund

The SGX-DC Clearing Fund structure specifies the apportionment and sequence of use of resources in the event of single and multiple defaults. It provides a scalable structure that aligns members’ contributions to their clearing risk exposure with SGX-DC.

The Group has committed cash, amounting to \$150,021,000 (2019: \$150,021,000) (Note 13) to support the SGX-DC Clearing Fund. The SGX-DC Clearing Fund is made up of the following:

	2020 \$'000	2019 \$'000
SGX-DC share capital earmarked for SGX-DC Clearing Fund	102,000	102,000
Derivatives clearing fund reserve (Note (a))	34,021	34,021
Other SGX-DC’s contributions	14,000	14,000
	150,021	150,021

Except for the \$150,021,000 (2019: \$150,021,000) mentioned above, other resources available for the SGX-DC Clearing Fund are not included in the statement of financial position of the Group. These are third party obligations towards the SGX-DC Clearing Fund and where they are held by SGX-DC, these resources are held in trust (Note 40(b)).

(a) Derivatives clearing fund reserve

Upon the dissolution of the SGX-DT Compensation Fund on 24 November 2006, the cash proceeds of \$34,021,000 were set aside as the Group’s derivatives clearing fund reserve to support the SGX-DC Clearing Fund. This reserve is not available for distribution as dividend.

(b) Utilisation of SGX-DC Clearing Fund

The SGX-DC clearing rules enable resources to be mobilised should any derivatives clearing member be unable to meet its obligations. Under the SGX-DC Clearing Fund structure, the resources available would be utilised in the following priority:

- (1) the defaulting derivatives clearing member’s collateral deposited with or provided to SGX-DC;
- (2) SGX-DC’s contributions of an amount equivalent to 15% of its Clearing Fund size;
- (3) security deposits of non-defaulting derivatives clearing members participating in the same Contract Class as the defaulted derivatives clearing member;
- (4) further assessments on non-defaulting derivatives clearing members participating in the same Contract Class as the defaulted derivatives clearing member;
- (5) SGX-DC’s contributions of an amount equivalent to 10% of its Clearing Fund size;
- (6) security deposits of other non-defaulting derivatives clearing members not participating in the same Contract Class as the defaulted derivatives clearing member;
- (7) further assessments on other non-defaulting derivatives clearing members not participating in the same Contract Class as the defaulted derivatives clearing member; and
- (8) any other contributions to the SGX-DC Clearing Fund.

Notes to the Financial Statements

For the financial year ended 30 June 2020

39 Singapore Exchange Derivatives Clearing Limited (“SGX-DC”) Clearing Fund (continued)

(b) Utilisation of SGX-DC Clearing Fund (continued)

The rules of SGX-DC provide for SGX-DC to continually draw down resources in the above sequence in the event of multiple defaults occurring within a period of 90 days. Upon utilisation of the SGX-DC Clearing Fund, SGX-DC will be obliged to contribute at least 25% of the SGX-DC Clearing Fund size in relation to the paragraph above.

40 Clearing fund, margin and other deposits

The Group, in its normal course of business, through subsidiaries operating as clearing houses, holds assets in trust or contingent assets such as irrevocable letters of credit, government securities or on-demand guarantees. None of these assets or contingent assets, together with the corresponding liabilities, are included in the statement of financial position of the Group.

(a) The Central Depository (Pte) Limited (“CDP”)

(i) Margin and other deposits

As the clearing house for securities traded on Singapore Exchange Securities Trading Limited (“SGX-ST”), CDP becomes the novated counterparty for these instruments.

The rules of CDP require its clearing members to provide collateral in the form acceptable to CDP as margin deposits to guarantee the performance of the obligations associated with securities traded on SGX-ST and cleared by CDP. The total collateral required by CDP as at 30 June 2020 were approximately \$119,316,000 (2019: \$56,299,000).

In addition, the CDP Clearing Rules provides that CDP may request its clearing members to place additional collateral with CDP in respect of its securities clearing activities from time to time.

Forms of collateral acceptable by CDP as margins include cash, government securities, selected common stocks and other instruments as approved by CDP from time to time.

As at the reporting date, clearing members had lodged the following collateral with CDP:

	2020 \$'000	2019 \$'000
Margin deposits		
Cash	236,499	145,274
Quoted government securities, at fair value	-	12,624
Other collateral		
Irrevocable letters of credit	-	20,000

All cash deposits in the financial year are placed in interest-bearing accounts with banks. Interest earned on the cash deposits is credited to the securities clearing members, with a portion retained by CDP.

Notes to the Financial Statements

For the financial year ended 30 June 2020

40 Clearing fund, margin and other deposits (continued)

(b) Singapore Exchange Derivatives Clearing Limited ("SGX-DC")

(i) Margin deposits

As the clearing house for futures and options traded on Singapore Exchange Derivatives Trading Limited ("SGX-DT") and Over-The-Counter ("OTC") commodities contracts, SGX-DC becomes the novated counterparty for these derivative instruments.

The rules of SGX-DC require its derivatives clearing members to provide collateral in the form acceptable to SGX-DC as margin deposits to guarantee the performance of the obligations associated with derivative instruments positions.

The total margins required by SGX-DC as at 30 June 2020 were approximately \$13,146,797,000 (2019: \$11,314,282,000).

As at the reporting date, clearing members had lodged the following collateral with SGX-DC:

	2020 \$'000	2019 \$'000
Margin deposits		
Cash	13,704,369	11,154,908
Quoted government securities, at fair value	1,443,127	2,218,698

All cash deposits are placed in interest-bearing accounts with banks and/or in reverse repurchase agreements. Interest earned on the cash deposits is credited to the derivatives clearing members, with a portion retained by SGX-DC.

(ii) Performance deposits and deposits received for contract value

For commodities contracts which are physically-settled, the rules of SGX-DC and its contract specifications require its clearing members to provide collateral in the form acceptable to SGX-DC as performance deposits to secure the performance of a delivery contract. In its capacity as escrow agent to the physical delivery of the contract, SGX-DC also collects the contract value of the commodities to be delivered through the exchange.

As at the reporting date, the following were lodged with SGX-DC for performance deposits purposes:

	2020 \$'000	2019 \$'000
Performance deposits and deposits received for contract value		
Cash	480	3,374

Notes to the Financial Statements

For the financial year ended 30 June 2020

40 Clearing fund, margin and other deposits (continued)

(b) Singapore Exchange Derivatives Clearing Limited ("SGX-DC") (continued)

(iii) Clearing fund and other deposits

The rules of SGX-DC require its clearing members to deposit clearing fund contributions for their derivatives clearing obligations to SGX-DC.

Clearing Members are required to post up to 4.5% of the daily average of risk margin during the preceding three-month period, subject to a minimum of S\$1,000,000, in cash, government securities or any forms of collateral acceptable to SGX-DC.

As at the reporting date, the following clearing fund and other deposits were lodged with SGX-DC for clearing fund purpose:

	2020 \$'000	2019 \$'000
Clearing fund and other deposits		
Cash	464,104	484,505
Quoted government securities, at fair value	16,980	32,245

(iv) Collateral for Mutual Offset Settlement Agreement

As at 30 June 2020, irrevocable letters of credit amounting to approximately \$432,665,000 (2019: \$453,119,000) were lodged by The Chicago Mercantile Exchange with SGX-DC. This is to fulfill collateral requirements under the Mutual Offset Settlement Agreement.

41 Collaterals for Securities Borrowing and Lending

CDP operates a Securities Borrowing and Lending ("SBL") programme for its Depositors and Depository Agents. SBL involves a temporary transfer of securities from a lender to a borrower, via CDP, for a fee. The SBL programme requires the borrowers of securities to provide collateral in the form of cash and/or certain designated securities.

As at the reporting date, borrowers had lodged the following collateral with CDP for SBL purpose:

	2020 \$'000	2019 \$'000
Cash	31,378	30,094
Securities, at fair value	59,002	29,642

None of these assets or contingent assets nor the corresponding liabilities are included in the statement of financial position of the Group.

Notes to the Financial Statements

For the financial year ended 30 June 2020

42 Securities and Derivatives Fidelity Funds

The Fidelity Funds are administered by Singapore Exchange Securities Trading Limited ("SGX-ST") and Singapore Exchange Derivatives Trading Limited ("SGX-DT"), as required by Section 176 of the Securities and Futures Act. The assets of the Funds are kept separate from all other assets, and are held in trust for the purposes set out in the Securities and Futures Act. The balances of the Fidelity Funds are as follows:

	2020 \$'000	2019 \$'000
Securities Exchange Fidelity Fund	37,588	36,970
Derivatives Exchange Fidelity Fund	25,511	25,126
	63,099	62,096

The purposes of the fidelity funds pursuant to Section 186 of the Securities and Futures Act are as follows:

- (a) to compensate any person (other than an accredited investor) who has suffered a pecuniary loss from any defalcation committed:
 - (i) in the course of, or in connection with, dealing in securities, or the trading of a futures contract;
 - (ii) by a member of a securities exchange or a futures exchange or by any agent of such member; and
 - (iii) in relation to any money or other property entrusted to or received:
 - by that member or any of its agents; or
 - by that member or any of its agents as trustee or on behalf of the trustees of that money or property.
- (b) to pay the Official Assignee or a trustee in bankruptcy within the meaning of the Bankruptcy Act (Cap. 20) if the available assets of a bankrupt, who is a member of SGX-ST or SGX-DT, are insufficient to satisfy any debts arising from dealings in securities or trading in futures contracts which have been proved in the bankruptcy by creditors of the bankrupt member.
- (c) to pay a liquidator of a member of SGX-ST or SGX-DT which is being wound up if the available assets of a member are insufficient to satisfy any debts arising from dealings in securities or trading in futures contracts which have been proved in the liquidation of the member.

Any reference to dealing in securities or trading of a futures contract refers to such dealing or trading through the exchange which establishes, keeps and administers the fidelity fund or through a trading linkage of the exchange with an overseas securities exchange or an overseas futures exchange.

No further provision has been made in the financial year ended 30 June 2020 for contribution to be paid to the securities and derivatives fidelity funds as the minimum sum of \$20,000,000 (2019: \$20,000,000) for each fund as currently required under the Securities and Futures Act has been met.

Notes to the Financial Statements

For the financial year ended 30 June 2020

42 Securities and Derivatives Fidelity Funds (continued)

The assets and liabilities of the Funds are as follows:

	2020 \$'000	2019 \$'000
Assets		
Fixed deposits with banks	62,600	61,200
Bank balance	710	1,167
Interest receivable	6	41
	63,316	62,408
Liabilities		
Other payables and accruals	3	3
Taxation	212	302
Deferred tax liabilities	2	7
	217	312
Net assets	63,099	62,096

The assets and liabilities of the Funds are not included in the statement of financial position of the Group as they are held in trust.

43 Contingent liabilities

At the balance sheet date, the Group and the Company's contingent liabilities are as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Unsecured guarantees by SGX-DC to banks for standby letters of credit issued by the banks to Chicago Mercantile Exchange ("CME") for members' open positions on CME. These guarantees are supported by members' collateral balances.	348,923	324,623	-	-

Notes to the Financial Statements

For the financial year ended 30 June 2020

44 Commitments

(a) Capital commitments

Capital commitments contracted for at year-end but not recognised in the financial statements are as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Property, plant and equipment	316	300	-	-
Software	10,581	2,123	1,376	1,342
	10,897	2,423	1,376	1,342

(b) Operating lease commitments – Where the Group and the Company is a lessee

The Group and the Company lease its office premises, data centres and equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 30 June 2019, the future aggregate minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	Company
	2019 \$'000	2019 \$'000
Not later than one financial year	31,228	30,623
Later than one financial year but not later than five financial years	50,282	50,176
	81,510	80,799

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 30 June 2020, except for short-term leases and low value assets.

(c) Operating lease commitments – Where the Group is a lessor

The Group leases out office space to non-related parties under non-cancellable operating leases. The leases have varying terms and renewal rights.

As at 30 June 2019, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables are as follows:

	Group 2019 \$'000
Not later than one financial year	1,584
Later than one financial year but not later than five financial years	2,209
Later than five financial years	288
	4,081

On 1 July 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 30 June 2020 is disclosed in Note 21.

Notes to the Financial Statements

For the financial year ended 30 June 2020

45 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Directors' fees and key management's remuneration

Key management's remuneration included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefit is included. The directors' fees and key management's remuneration are as follows:

	2020 \$'000	2019 \$'000
Salaries and other short-term employee benefits	17,170	15,425
Employer's contribution to Central Provident Fund	161	130
Share-based payment to key management	6,699	4,058
	24,030	19,613

During the financial year, 436,500 shares (FY2019: 443,600 shares) under SGX performance share plan and 436,500 shares (FY2019: 443,600 shares) under SGX deferred long-term incentives scheme were granted to key management of the Group. The shares were granted under the same terms and conditions as those offered to other employees of the Company.

46 Financial risk management

Financial risk management objectives and policies

The Group is exposed to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk arising from its business activities. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors has overall responsibility for the oversight of financial risk management for the Group. The Risk Management Committee ("RMC") assists the Board in discharging its oversight responsibility. The RMC's primary function is to review, recommend to the Board for approval, and where authority is delegated by the Board, approve:

- (1) The type and level of business risks that the Group undertakes on an integrated basis to achieve its business strategy; and
- (2) Frameworks and policies for managing risks that are consistent with its risk appetite.

Management is responsible for identifying, monitoring and managing the Group's financial risk exposures.

The main financial risks that the Group is exposed to and how they are managed are set out below.

Market risk – Currency risk

The Group manages its main currency exposure as follows:

(a) Revenue receivables from clearing of derivative products

Interest receivables from placements of margin deposits

The Group's revenue from the clearing of derivative products is mainly in USD. Interest receivables from placements of margin deposits with banks are mainly denominated in USD. For these receivables denominated in USD, the Group manages the currency exposure through currency forward contracts which are designated as cash flow hedges. Upon settlement of the currency forward contracts and payment obligations denominated in foreign currency, any excess foreign currencies are converted back to SGD in a timely manner to minimise currency exposure. As at the reporting date, there is no significant currency risk exposure arising from these receivables.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Market risk – Currency risk (continued)

(b) Net assets in foreign operations

The Group is exposed to currency risk on the net assets in foreign operations mainly in GBP and EUR. For the Group's net assets in foreign operations denominated in GBP, the management monitors the Group's currency exposure by tracking the GBP currency movement on a regular basis. As this investment is long-term in nature, the Group does not hedge the currency risk of the net assets in foreign operations. Currency exposure to the net assets in foreign operations denominated in EUR is hedged through borrowings denominated in EUR using net investment hedge. There was no hedge ineffectiveness during the financial year in relation to the net investment hedge as illustrated in the table below. As at the reporting date, there is no significant currency risk exposure arising from net assets in foreign operations.

Net investment hedge

The amounts relating to items designated as hedging instruments were as follows:

	Face value \$'000	Carrying amount – liabilities \$'000	Line item in the statement of financial position where the hedging instrument is included \$'000	Change in value used for calculating hedge ineffectiveness \$'000	Recognised in foreign currency translation reserve \$'000
Foreign exchange- denominated loan (EUR)	302,036	302,036	Borrowings	(12,417)	(12,417)

The amounts relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness \$'000	Recognised in foreign currency translation reserve \$'000
EUR net investment	12,417	12,417

(c) Investments in financial assets, at FVOCI

For investment in financial assets, at FVOCI classified as current assets, the Group and the Company have investments in equity securities and bonds mainly denominated in SGD, USD, JPY and EUR. To minimise foreign currency exposure, the Group and the Company enters into currency forward contracts to manage its exposure.

For investment in financial assets, at FVOCI classified as non-current assets, the Group holds the investments on a long term basis and does not hedge the currency exposure of these investments. The Group has investments in unquoted equity securities denominated in GBP and USD. Management monitors the currency exposure by tracking the GBP and USD currency movement on a regular basis.

As at the reporting date, there is no significant currency risk exposures arising from financial assets, at FVOCI.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Market risk – Currency risk (continued)

(d) Cash and cash equivalents

As at the reporting date, the cash balances of the Group and the Company are mainly denominated in SGD, USD, EUR and GBP. USD, EUR and GBP cash balances placed in banks to meet the short-term payment obligations were not hedged.

The Group and the Company's currency exposures are as follows:

	SGD ^(a)	USD	GBP	Group EUR	JPY	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020							
Financial assets							
Cash and cash equivalents	847,409	30,146	13,051	13,779	435	2,558	907,378
Trade and other receivables							
– Daily settlement of accounts for due contracts and rights	414,797	36,638	84	991	–	14	452,524
– Receivables under NEMS	94,075	–	–	–	–	–	94,075
– Others	114,359	60,451	2,447	7,623	1,941	1,021	187,842
Financial assets, at FVOCI	29,587	130,037	3,426	895	1,324	2,136	167,405
Financial liabilities							
Trade and other payables							
– Daily settlement of accounts for due contracts and rights	(414,797)	(36,638)	(84)	(991)	–	(14)	(452,524)
– Payables under NEMS	(102,967)	–	–	–	–	–	(102,967)
– Others	(194,804)	(37,095)	(9,389)	(9,137)	(1,939)	(809)	(253,173)
Borrowings	–	(2,035)	–	(302,036)	–	–	(304,071)
Lease liabilities	(88,239)	–	–	–	–	(791)	(89,030)
Net financial assets/ (liabilities)	699,420	181,504	9,535	(288,876)	1,761	4,115	607,459
Net non-financial assets/ (liabilities) of foreign subsidiaries	(3,511)	(190)	13,719	14,363	–	5	24,386
Currency exposure	695,909	181,314	23,254	(274,513)	1,761	4,120	631,845
Currency forward contracts	–	(178,511)	–	(788)	(5,606)	(2,002)	(186,907)

^(a) The SGD balances have been included for completeness.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Market risk – Currency risk (continued)

(d) Cash and cash equivalents (continued)

	SGD ^(a)	USD	GBP	Group EUR	JPY	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Financial assets							
Cash and cash equivalents	644,395	15,243	5,329	73	253	1,377	666,670
Trade and other receivables							
– Daily settlement of accounts for due contracts and rights	515,689	43,142	–	5,054	–	736	564,621
– Receivables under NEMS	138,761	–	–	–	–	–	138,761
– Others	86,565	68,736	2,126	349	2,690	1,183	161,649
Financial assets, at FVOCI	11,523	65,983	3,648	920	591	898	83,563
Financial liabilities							
Trade and other payables							
– Daily settlement of accounts for due contracts and rights	(515,689)	(43,142)	–	(5,054)	–	(736)	(564,621)
– Payables under NEMS	(149,898)	–	–	–	–	–	(149,898)
– Others	(157,951)	(29,998)	(7,990)	(69)	(426)	(553)	(196,987)
Net financial assets	573,395	119,964	3,113	1,273	3,108	2,905	703,758
Net non-financial assets of foreign subsidiaries							
	18	–	14,794	–	–	5	14,817
Currency exposure	<u>573,413</u>	<u>119,964</u>	<u>17,907</u>	<u>1,273</u>	<u>3,108</u>	<u>2,910</u>	<u>718,575</u>
Currency forward contracts	–	(118,804)	–	–	(3,346)	(437)	(122,587)

^(a) The SGD balances have been included for completeness.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Market risk – Currency risk (continued)

	Company						Total \$'000
	SGD ^(a) \$'000	USD \$'000	GBP \$'000	EUR \$'000	JPY \$'000	Others \$'000	
2020							
Financial assets							
Cash and cash equivalents	130,551	796	5	6	–	933	132,291
Trade and other receivables	55,641	55	4,626	301,846	6	31	362,205
Financial assets, at FVOCI	29,587	14,194	–	895	1,324	2,136	48,136
Financial liabilities							
Trade and other payables	(113,660)	(1,763)	(191)	–	–	(146)	(115,760)
Borrowings	–	–	–	(302,036)	–	–	(302,036)
Lease liabilities	(88,135)	–	(120)	–	–	(352)	(88,607)
Net financial assets	13,984	13,282	4,320	711	1,330	2,602	36,229
Currency exposure	13,984	13,282	4,320	711	1,330	2,602	36,229
Currency forward contracts	–	(12,486)	–	(788)	–	(1,479)	(14,753)
2019							
Financial assets							
Cash and cash equivalents	255,413	1,612	1	–	–	396	257,422
Trade and other receivables	6,787	148	4,661	–	6	35	11,637
Financial assets, at FVOCI	11,523	10,849	–	920	591	897	24,780
Financial liabilities							
Trade and other payables	(279,012)	(835)	(101)	(1)	–	(70)	(280,019)
Net financial assets/ (liabilities)	(5,289)	11,774	4,561	919	597	1,258	13,820
Currency exposure	(5,289)	11,774	4,561	919	597	1,258	13,820
Currency forward contracts	–	(9,406)	–	–	–	–	(9,406)

^(a) The SGD balances have been included for completeness.

A currency risk sensitivity analysis is not provided as the Group and the Company do not have significant foreign currency exposures.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Market risk – Price risk

The Group and the Company is exposed to price risk arising from its investments in financial assets, at FVOCI that were classified as current assets. To manage the price risk arising from its investments, the Group and the Company diversifies its multi-asset portfolio comprising of equities and bonds across developed markets and sectors, in accordance with limits set in the investment mandate. For financial assets, at FVOCI classified as non-current assets, these investments are held as strategic investments. Performance of these investments are regularly monitored by management.

A change of 5% (2019: 5%) in prices for investments at the reporting date would affect other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant.

	Impact to other comprehensive income	
	2020 \$'000	2019 \$'000
Group		
– Price increase	6,789	3,468
– Price decrease	(6,789)	(3,468)
Company		
– Price increase	1,998	1,028
– Price decrease	(1,998)	(1,028)

Market risk – Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company's fixed deposit placements are mainly short-term in nature and placed with banks that offer the most competitive interest rates. The Group and the Company manages its interest rate risks arising from investments in bonds by placing such balances on varying maturities and interest rate terms. The Group and the Company's borrowings are fixed rate instruments held at amortised cost. The borrowings are not subjected to interest rate risk due to the variability of market interest rates.

The tables set out in the following pages illustrate the Group and the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Market risk – Interest rate risk (continued)

Group	Variable rates			Fixed rates			Non-interest bearing	Total
	Less than 6 months	6 to 12 months	Over 1 year	Less than 6 months	6 to 12 months	Over 1 year		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020								
Financial assets								
Cash and cash equivalents	173,061	-	-	666,077	30,000	-	38,240	907,378
Trade and other receivables	-	-	-	4	1	-	734,436	734,441
Financial assets, at FVOCI	-	-	6,339	4,524	3,284	24,966	128,292	167,405
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	(808,664)	(808,664)
Borrowings	(2,035)	-	-	(302,036)	-	-	-	(304,071)
Lease liabilities	-	-	-	(8,109)	(11,374)	(69,547)	-	(89,030)
Net financial assets/(liabilities)	171,026	-	6,339	360,460	21,911	(44,581)	92,304	607,459
2019								
Financial assets								
Cash and cash equivalents	46,958	-	-	507,984	102,000	-	9,728	666,670
Trade and other receivables	-	-	-	6	1	-	865,024	865,031
Financial assets, at FVOCI	-	-	1,750	504	2,188	15,415	63,706	83,563
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	(911,506)	(911,506)
Net financial assets	46,958	-	1,750	508,494	104,189	15,415	26,952	703,758

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Market risk – Interest rate risk (continued)

Company	Variable rates			Fixed rates			Non-interest bearing	Total
	Less than 6 months	6 to 12 months	Over 1 year	Less than 6 months	6 to 12 months	Over 1 year		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020								
Financial assets								
Cash and cash equivalents	20,265	-	-	111,400	-	-	626	132,291
Trade and other receivables	-	-	-	4	1	4,539	357,661	362,205
Financial assets, at FVOCI	-	-	6,339	4,524	3,284	24,966	9,023	48,136
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	(115,760)	(115,760)
Borrowings	-	-	-	(302,036)	-	-	-	(302,036)
Lease liabilities	-	-	-	(7,939)	(11,193)	(69,475)	-	(88,607)
Net financial assets/(liabilities)	20,265	-	6,339	(194,047)	(7,908)	(39,970)	251,550	36,229
2019								
Financial assets								
Cash and cash equivalents	18,911	-	-	237,902	-	-	609	257,422
Trade and other receivables	-	-	-	6	1	4,545	7,085	11,637
Financial assets, at FVOCI	-	-	1,750	504	2,188	15,415	4,923	24,780
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	(280,019)	(280,019)
Net financial assets/(liabilities)	18,911	-	1,750	238,412	2,189	19,960	(267,402)	13,820

A change of 0.5% (2019: 0.5%) in interest rate for the Group and the Company's investment in bonds at the reporting date would affect profit after tax and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant.

	2020		2019	
	Impact to profit after tax	Impact to other comprehensive income	Impact to profit after tax	Impact to other comprehensive income
	\$'000	\$'000	\$'000	\$'000
Group				
- Interest rate increase	26	(316)	7	(157)
- Interest rate decrease	(26)	316	(7)	157
Company				
- Interest rate increase	26	(316)	7	(157)
- Interest rate decrease	(26)	316	(7)	157

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group with credit exposures are: receivables from clearing and settlement, receivables under NEMS, trade and interest receivables, cash deposits and investments in debt instruments.

The Group manages its credit exposures as follows:

(a) Clearing and settlement

In the normal course of business as clearing houses, SGX-DC and CDP act as central counterparties (“CCP”) for every transaction received by or matched through the Group’s facilities. As CCP, each clearing house substitutes itself as the buyer to the selling clearing member, and seller to the buying clearing member, and assumes all rights and obligations to the counterparty. As a result, each clearing house faces considerable credit risk exposure should any of its clearing members be unable to meet its settlement obligations to the clearing house, resulting in a default. The Group has in place a sound and transparent risk management and regulatory framework governing the operations of securities and derivatives markets. On an on-going basis, the Group mitigates its counterparty risk through active monitoring and management of its exposures to clearing members by having in place a system of financial safeguards.

Credit risk management practices

The Group mitigates its exposures to risk by admitting clearing members which meet prescribed capital and financial requirements and have risk management systems to monitor their exposures. On an on-going basis, a clearing member must continue to comply with the financial requirements, and also set aside capital commensurate with its risk exposures. In addition, the clearing member must ensure that it has the necessary systems and procedures to preserve sound liquidity and financial position at all times.

Both SGX-DC and CDP have well-established risk management systems to monitor and measure the risk exposures of its members. In addition, SGX-DC and CDP require all cleared positions and contracts to be sufficiently collateralised at all times to protect SGX-DC and CDP against potential losses. SGX-DC also revalue and settles the daily mark-to-market variations with clearing members to prevent losses from accumulating. For CDP, it also requires clearing members to monitor compliance with risk management measures such as monitoring for large exposures.

Financial safeguards

A clearing fund has been established for each of the securities and derivatives markets to be used in support of the clearing houses’ roles as CCP. The Group and the relevant clearing members are required to contribute to the respective clearing funds.

Trade receivables arising from settlement of securities trades

Settlement for all securities transactions of securities clearing members are effected through the Group’s subsidiary, CDP, and effected through designated settlement banks.

The “Receivables from clearing members and settlement banks” included in trade receivables represent the aggregate of net settlement obligations of each of the clearing members and settlement banks to CDP for the last two trading days of the financial year ended 30 June 2020 following the implementation of new securities settlement and depository framework and system on 10 December 2018 (2019: last two trading days). As at 30 June 2020, there were 25 (2019: 25) securities clearing members and 8 (2019: 8) designated settlement banks. The Group may have concentration risk exposure to these securities clearing members with regards to their net settlement obligations to CDP. The settlement exposure of CDP to each securities clearing member fluctuates daily according to the net trading position (net buy or net sell) of each securities clearing member and the extent to which these settlement obligations are effected through the settlement banks.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Credit risk (continued)

(b) Receivables under NEMS

In relation to NEMS receivables in Note 15, EMC is required to ensure that market participants maintain certain levels of prudential security in discharging its obligations under the NEMS Market Rules ("Market Rules"). EMC is entitled to recover any default receivables from all market participants under the Market Rules and credit risk exposure to NEMS receivables is minimised.

Under the Market Rules, each market participant has to provide credit support which is not less than 30 times of individual estimated average daily exposure. The Market Rules specify the type of credit support to be provided and assigned to EMC. These include bankers' guarantees or irrevocable commercial letter of credit from reputable financial institutions, cash deposits and Singapore Government Treasury bills. The credit support received as at 30 June 2020 were in the form of bankers' guarantees and cash deposits and have an aggregate value of \$292,637,000 (2019: \$276,213,000). There is no significant concentration of credit risk for receivables under NEMS.

(c) Trade receivables (excluding balances arising from clearing and settlement of securities trades and NEMS)

Trade receivables (excluding balances arising from clearing and settlement of securities trades and NEMS) of the Group and the Company comprise receivables from trading and clearing members, listed companies and other entities.

(d) Cash deposits and interest receivables

Cash balances of the Group and the Company are mainly placed in fixed deposits with financial institutions of high credit quality. The Board has approved policies that limit the maximum credit exposure to each financial institution. Exposure and compliance with counterparty limits set by the RMC are monitored by the relevant business units and reported by the Risk Management unit to the RMC.

(e) Financial assets, at FVOCI

The bond instruments invested by the Group and the Company are restricted to fixed income securities with minimum credit rating of BBB+ or Baa1 by international credit rating agencies or by internal equivalent rating of investment manager where applicable. These are considered "low credit risk" as they are of investment grade credit rating with at least one major rating agency.

(f) Credit loss allowance

For receivables from clearing and settlement, the expected credit loss is minimal as these receivables were due from clearing members and settlement banks. The admission of these clearing members and settlement banks are subject to the Group's admission criteria, compliance monitoring and risk management measures. These receivables had no recent history of default and there were no unfavourable current conditions and future economic conditions expected at the reporting date.

For receivables under NEMS, there is no expected credit loss. Under the NEMS Market Rules, EMC is entitled to recover any default receivables from all market participants.

For trade receivables excluding balances arising from clearing and settlement of securities trades and NEMS, the Group applied the simplified approach permitted by SFRS(I) 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Credit risk (continued)

(f) Credit loss allowance (continued)

On this basis, the loss allowance for trade receivables as at 30 June 2020 and 30 June 2019 was determined as not material. The gross carrying amount of trade receivables subject to expected credit loss provision that are more than 360 days past due as at 30 June 2020 and 30 June 2019 is \$1,834,000 and \$823,000 respectively.

Trade receivables excluding balances arising from clearing and settlement of securities trades and NEMS are considered in default if the counterparty fails to make contractual payments within 360 days when they fall due, and are written off when there is no reasonable expectation of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Financial assets, at FVOCI comprised of bond instruments invested by the Group and the Company restricted to fixed income securities at investment grade with minimum credit rating of BBB+ or Baa1 by international credit rating agencies or by internal equivalent rating of investment manager where applicable. Loss allowance is recognised on these assets measured at the 12-month expected credit losses. These financial assets had no recent history of default and none had been below the minimum credit rating of BBB+ or Baa1.

Cash deposits, loan to subsidiary, staff advances and other receivables are subject to immaterial credit loss.

The movements in credit loss allowance are as follows:

	Trade receivables	
	Group	
	2020	2019
	\$'000	\$'000
Balance at beginning of financial year	823	4,550
Allowance made	1,401	1,489
Allowance utilised	-	(4,440)
Allowance written back	(390)	(786)
Foreign currency translation	-	10
Balance at end of financial year	1,834	823

Exposures from receivables from clearing and settlement and receivables under NEMS are managed by risk management systems and collateralised as described above.

The maximum exposure to credit risk to trade receivables, cash deposits and investment in debt instruments is the carrying amount presented on the statement of financial position of the Group and the Company. The Group and the Company do not hold any collateral against these financial instruments. In addition, clearing houses, SGX-DC and CDP, also have general lien on all monies and other properties deposited by clearing members. The clearing house may combine any account of the clearing member with its liabilities to the clearing house. Such funds may be applied towards satisfaction of liabilities of the clearing member to the clearing house.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

(a) Liabilities related risk

The Group and the Company has minimal liquidity risk as it maintains sufficient cash for daily operations through prudent liquidity risk management.

The financial liabilities of the Group and the Company are analysed into the relevant maturity buckets based on the remaining period from the balance sheet date to the contractual maturity dates. The amounts disclosed in the table below are contractual undiscounted cash flows.

	Up to 3 months \$'000	> 3 months to 1 year \$'000	Above 1 year \$'000	Total \$'000
Group				
2020				
Financial liabilities				
Trade and other payables ^(a)	805,300	2,930	434	808,664
Lease liabilities	5,445	16,198	73,165	94,808
Borrowings	304,071	-	-	304,071
2019				
Financial liabilities				
Trade and other payables ^(b)	908,690	2,803	13	911,506

^(a) Included the following:

\$452,524,000 payables to clearing members and settlement banks for daily settlement of accounts for due contracts and rights with a corresponding amount in trade receivables; and

\$102,967,000 payables under NEMS with corresponding amounts in cash and cash equivalents and trade receivables.

^(b) Included the following:

\$564,621,000 payables to clearing members and settlement banks for daily settlement of accounts for due contracts and rights with a corresponding amount in trade receivables; and

\$149,898,000 payables under NEMS with corresponding amounts in cash and cash equivalents and trade receivables.

	Up to 3 months \$'000	> 3 months to 1 year \$'000	Above 1 year \$'000	Total \$'000
Company				
2020				
Financial liabilities				
Trade and other payables	115,760	-	-	115,760
Lease liabilities	5,323	15,963	73,093	94,379
Borrowings	302,036	-	-	302,036
2019				
Financial liabilities				
Trade and other payables	280,019	-	-	280,019

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Liquidity risk (continued)

(a) Liabilities related risk (continued)

As at 30 June 2020, the gross notional value of outstanding currency forward contracts held by the Group and the Company were \$186,907,000 (2019: \$122,587,000) and \$14,753,000 (2019: \$9,406,000) respectively. The Group's outstanding currency forward contracts that would be settled on a gross basis are analysed into relevant maturity buckets based on the remaining contractual maturity dates as follows:

Group	Up to 3 months \$'000	> 3 months to 1 year \$'000	Total \$'000
2020			
Currency forward contracts			
– gross outflows	102,191	84,286	186,477
– gross inflows	101,902	85,025	186,927
2019			
Currency forward contracts			
– gross outflows	62,183	60,259	122,442
– gross inflows	62,277	60,034	122,311
Company			
2020			
Currency forward contracts			
– gross outflows	14,711	–	14,711
– gross inflows	14,689	–	14,689
2019			
Currency forward contracts			
– gross outflows	9,209	–	9,209
– gross inflows	9,407	–	9,407

(b) Contingent liabilities related risk

At the balance sheet date, the following guarantees may impact the liquidity positions in the earliest period in which the guarantees are called upon:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Unsecured guarantees by SGX-DC to banks for standby letters of credit issued by the banks to Chicago Mercantile Exchange (Note 43)	348,923	324,623	–	–

The settlement obligation of the above contingent liabilities is not determinable as the obligation arises from the occurrence of future events that are not within the control of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Liquidity risk (continued)

(c) Clearing and settlement-related risk

The clearing houses of the Group, CDP and SGX-DC, act as the novated counterparty for transactions of approved securities and derivatives. The Group is exposed to liquidity risk should any clearing member default. The Group has put in place sufficient committed bank credit facilities of \$650,658,000 (2019: \$554,310,000), comprising committed unsecured credit lines for prudent risk management and to maintain adequate liquid resources.

Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2020				
Assets				
Derivative financial instruments	-	2,485	3,096	5,581
Financial assets, at FVOCI	8,023	159,382	-	167,405
Liabilities				
Derivative financial instruments	-	2,035	49	2,084
Financial liability	-	-	40,548	40,548
2019				
Assets				
Derivative financial instruments	-	256	5,851	6,107
Financial assets, at FVOCI	4,923	78,640	-	83,563
Liabilities				
Derivative financial instruments	-	387	906	1,293

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Fair value measurements (continued)

Company	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2020				
Assets				
Derivative financial instruments	-	48	-	48
Financial assets, at FVOCI	8,023	40,113	-	48,136
Liabilities				
Derivative financial instruments	-	70	-	70
2019				
Assets				
Derivative financial instruments	-	198	-	198
Financial assets, at FVOCI	4,923	19,857	-	24,780
Liabilities				
Derivative financial instruments	-	-	-	-

No transfers were made between Level 1, 2 and 3 during the financial year for the Group and the Company. During the financial year ended 30 June 2019, the Group transferred an unquoted equity security from Level 3 to Level 2.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group and the Company use a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for debt instruments. The fair value of currency forward contracts is determined using quoted forward currency rates at the balance sheet date. Unquoted equity securities classified as financial assets, at FVOCI, are valued using latest transacted price. These instruments are classified as Level 2 and comprise of debt instruments, derivatives financial instruments and unquoted equity securities.

Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3. The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments categorised under Level 3.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Fair value measurements (continued)

Description	Fair value \$'000	Valuation Techniques	Unobservable inputs	Range of unobservable inputs
Call option	3,096 (2019: 5,851)	Black-Scholes option pricing model	Standard deviation Risk-free rate	30% (2019: 30%) 0.6% (2019: 2.75% to 3%)
Sale of call option	49 (2019: 906)	Binomial option model	Volatility Risk-free rate	30% (2019: 30%) 0.6% (2019: 2.75% to 3%)
Forward liability to acquire non-controlling interests	40,548	Multiple of forecasted Earnings before interest, tax and amortisation ("EBITA")	Forecasted EBITA	Not applicable

Management considers that any reasonably possible changes to the unobservable inputs will not result in a significant financial impact.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

Group	Available-for-sale financial assets \$'000	Financial assets, at FVOCI \$'000	Derivative financial instruments \$'000	Financial liability \$'000
At 1 July 2018	3,648	-	-	-
Adjustment on initial application of SFRS(I) 9	(3,648)	3,648	-	-
Adjusted balance as at 1 July 2018	-	3,648	-	-
Transfer to Level 2	-	(3,648)	-	-
Additions	-	-	4,945	-
As at 30 June 2019	-	-	4,945	-
At 1 July 2019	-	-	4,945	-
Additions	-	-	-	40,548
Fair value losses recognised in profit or loss	-	-	(1,898)	-
As at 30 June 2020	-	-	3,047	40,548

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

Notes to the Financial Statements

For the financial year ended 30 June 2020

46 Financial risk management (continued)

Offsetting financial assets and financial liabilities

The Group reports financial assets and financial liabilities on a net basis on the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

The following table shows the effect of netting arrangements on financial assets and liabilities that are reported net on the statement of financial position.

(a) Financial assets subject to offsetting arrangements

	Gross amounts of recognised financial assets \$'000	Less: Gross amounts of recognised financial liabilities set off in the statement of financial position \$'000	Net amounts of financial assets presented in the statement of financial position ⁽¹⁾ \$'000
2020			
Receivables from clearing members and settlement banks – Daily settlement of accounts for due contracts and rights	2,604,555	(2,152,031)	452,524
2019			
Receivables from clearing members and settlement banks – Daily settlement of accounts for due contracts and rights	2,649,264	(2,084,643)	564,621

⁽¹⁾ The collateral deposited by clearing members and settlement banks cannot be attributed directly to the individual transactions. For information on the collaterals, please refer to Note 40(a).

(b) Financial liabilities subject to offsetting arrangements

	Gross amounts of recognised financial liabilities \$'000	Less: Gross amounts of recognised financial assets set off in the statement of financial position \$'000	Net amounts of financial liabilities presented in the statement of financial position ⁽¹⁾ \$'000
2020			
Payables to clearing members and settlement banks – Daily settlement of accounts for due contracts and rights	2,604,555	(2,152,031)	452,524
2019			
Payables to clearing members and settlement banks – Daily settlement of accounts for due contracts and rights	2,649,264	(2,084,643)	564,621

⁽¹⁾ The collateral deposited by clearing members and settlement banks cannot be attributed directly to the individual transactions. For information on the collaterals, please refer to Note 40(a).

Notes to the Financial Statements

For the financial year ended 30 June 2020

47 Capital requirement and management

The Group's capital management objectives are to optimise returns to shareholders whilst supporting the growth requirements of the business and fulfilling its obligations to the relevant regulatory authorities and other stakeholders.

Effective 1 July 2008, the Group is required, under the Regulatory Capital Framework ("the existing Framework") formalised by the Monetary Authority of Singapore ("MAS") to maintain adequate financial resources to meet prudential requirements that commensurate with the operational risk, investment risk and the counterparty default risk arising from its central counterparty clearing and settlement activities. With respect to the counterparty default risk, each of the Group's clearing house subsidiaries is required to contribute capital to maintain a clearing fund that is sufficient to cover simultaneous default of the member that is responsible for largest credit exposure, its affiliates and the two financially weakest members under simulated extreme but plausible market conditions. The Group has been in compliance with the existing Framework since 1 July 2008.

On 4 March 2020, the MAS issued a new Regulatory Capital Framework ("new Framework") to replace the existing Framework. The new Framework no longer applies to the Group but now requires only the four regulated subsidiaries namely Singapore Exchange Securities Trading Limited, The Central Depository (Pte) Limited., Singapore Exchange Derivatives Trading Limited, Singapore Exchange Derivatives Clearing Limited to meet prudential requirements that commensurate with the operational risk, investment risk and the counterparty default risk arising from its central counterparty clearing and settlement activities.

The MAS also issued a new Framework to SGX Bond Trading Pte Ltd on 20 May 2020, taking into consideration its future business activities and growth.

All regulated subsidiaries are in compliance of the new Framework from 30 June 2020.

Given the dynamic nature of the Group's business and the framework, the Group regularly reviews and monitors its capital and cash positions to ensure that the business activities and growth are prudently funded. In addition, the Group will seek opportunities to optimise shareholders' returns by creating a more efficient capital structure to reduce the overall cost of capital. SGX aims to pay a sustainable and growing dividend over time, consistent with the Company's long-term growth prospects.

48 Restatement to presentation of income statement and segment information

Effective from 1 July 2019, SGX Group implemented changes to the organisation structure to capitalise on its strength as an international multi-asset exchange to pursue growth opportunities and build scale in multiple asset classes.

The new organisation structure comprises of three business units – Fixed Income, Currencies and Commodities; Equities (Cash and Derivatives); and Data, Connectivity and Indices. As a result of the new organisation structure, presentation of income statement has been updated with effect from financial year ended 30 June 2020. Segment reporting has also been updated to reflect the Executive Management Committee's review of segment performance and resources allocation. Assets and liabilities of SGX Group are managed as a whole. The tables below illustrate the restatements for financial year ended 30 June 2019.

Notes to the Financial Statements

For the financial year ended 30 June 2020

48 Restatement to presentation of income statement and segment information (continued)

(a) Statement of comprehensive income – Group and Company

Operating revenue

	Group 2019	Company 2019		Group 2019	Company 2019
New classification	\$'000	\$'000	Previous classification	\$'000	\$'000
Fixed Income, Currencies and Commodities					
Fixed Income					
Listing	9,225	-	Listing	45,780	-
Corporate actions and other	3,344	-	Corporate actions and other	33,951	-
	<u>12,569</u>	<u>-</u>		<u>79,731</u>	<u>-</u>
Currencies and Commodities – Derivatives					
Trading and clearing	84,779	-	Securities clearing	138,850	-
Treasury and other	41,643	-	Access	34,266	-
	<u>126,422</u>	<u>-</u>	Collateral management, membership and other	8,995	-
	<u>138,991</u>	<u>-</u>		<u>182,111</u>	<u>-</u>
Equities					
Equities – Cash					
Listing	36,555	-	Securities settlement	76,555	-
Corporate actions and other	30,760	-	Depository management	9,132	-
Trading and clearing	172,975	-		85,687	-
Securities settlement and depository management	85,675	-		<u>347,529</u>	<u>-</u>
Treasury and other	8,995	-			
	<u>334,960</u>	<u>-</u>			

Notes to the Financial Statements

For the financial year ended 30 June 2020

48 Restatement to presentation of income statement and segment information (continued)

(a) Statement of comprehensive income – Group and Company (continued)

Operating revenue (continued)

	Group 2019 \$'000	Company 2019 \$'000		Group 2019 \$'000	Company 2019 \$'000
New classification			Previous classification		
Equity – Derivatives					
Trading and clearing	207,317	-	Derivatives	292,096	-
Treasury, licence and other	126,010	-	Equity and Commodities		
	333,327	-	Collateral management, licence, membership and other	167,653	-
	668,287	-		459,749	
Data, Connectivity and Indices					
Market data and Indices	42,997	21	Market Data and Connectivity	42,997	21
Connectivity	59,533	25,626	Market data	59,533	25,626
	102,530	25,647	Connectivity	102,530	25,647
Management fees from subsidiaries					
	-	200,527	Management fees from subsidiaries	-	200,527
Dividends from subsidiaries					
	-	369,000	Dividends from subsidiaries	-	369,000
Operating revenue	909,808	595,174	Operating revenue	909,808	595,174

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Notes to the Financial Statements

For the financial year ended 30 June 2020

48 Restatement to presentation of income statement and segment information (continued)

(a) Statement of comprehensive income – Group and Company (continued)

Operating expenses – Group

	Group 2019 \$'000	Company 2019 \$'000		Group 2019 \$'000	Company 2019 \$'000
New classification			Previous classification		
Staff			Staff		
Salaries	119,678	70,035	Salaries	119,758	70,115
Employer's contribution to defined contribution plans on salaries	9,706	5,741	Employer's contribution to defined contribution plans on salaries	9,706	5,741
	129,384	75,776		129,464	75,856
Variable bonus	48,737	20,080	Variable bonus	48,737	20,080
Employer's contribution to defined contribution plans on variable bonus	3,057	1,670	Employer's contribution to defined contribution plans on variable bonus	3,057	1,670
	51,794	21,750		51,794	21,750
Variable share-based payment	10,159	10,159	Variable share-based payment	10,159	10,159
Variable share-based payment recharge to subsidiary	-	(1,216)	Variable share-based payment recharge to subsidiary	-	(1,216)
	10,159	8,943		10,159	8,943
	191,337	106,469		191,417	106,549
Technology			Technology		
System maintenance and rental	75,728	47,167	System maintenance and rental	75,728	47,167
Communication charges	3,663	2,454	Depreciation and amortisation	51,283	15,833
	79,391	49,621	Communication charges	3,663	2,454
				130,674	65,454
Processing and royalties	47,258	281	Processing and royalties	47,258	281
Premises			Premises		
Rental and maintenance of premises	19,892	12,888	Rental and maintenance of premises	19,892	12,888
			Depreciation of furniture and fittings, building and leasehold improvements	8,939	8,095
				28,831	20,983
Professional fees	14,603	6,310	Professional fees	14,603	6,310

Notes to the Financial Statements

For the financial year ended 30 June 2020

48 Restatement to presentation of income statement and segment information (continued)

(a) Statement of comprehensive income – Group and Company (continued)

Operating expenses – Group (continued)

	Group 2019	Company 2019		Group 2019	Company 2019
New classification	\$'000	\$'000	Previous classification	\$'000	\$'000
Others			Others		
Marketing	8,444	3,901	Marketing	8,444	3,901
Travelling	4,534	1,845	Travelling	4,534	1,845
Allowance for impairment of trade receivables (net)	797	6	Allowance for impairment of trade receivables (net)	797	6
Net write-off of property, plant and equipment and software	407	407	Net write-off of property, plant and equipment and software	407	407
Net loss on disposal of property, plant and equipment and software	203	193	Net loss on disposal of property, plant and equipment and software	203	193
Directors' fees	3,446	2,530	Directors' fees	3,446	2,530
Regulatory fees	6,022	400	Regulatory fees	6,022	400
Services from price vendors	3,422	637	Amortisation of intangible assets	2,210	-
Miscellaneous	6,523	8,145	Services from price vendors	3,422	637
	<u>33,798</u>	<u>18,064</u>	Miscellaneous	<u>6,523</u>	<u>8,145</u>
				<u>36,008</u>	<u>18,064</u>
Operating expenses	<u>386,279</u>	<u>193,633</u>			
Depreciation and amortisation					
Technology-related depreciation and amortisation	51,283	15,833			
Premises-related depreciation	8,939	8,095			
Amortisation of intangible assets	2,210	-			
Depreciation of motor vehicle	80	80			
	<u>62,512</u>	<u>24,008</u>			
Total operating expenses including depreciation and amortisation	<u>448,791</u>	<u>217,641</u>	Operating expenses	<u>448,791</u>	<u>217,641</u>

The revised presentation does not result in a change in the Group's and Company's total operating revenue, total operating expenses including depreciation and amortisation, net profit before and after tax.

Performance Overview

Group Overview

Value Creation &
Sustainability

Governance

Financials

Others

Notes to the Financial Statements

For the financial year ended 30 June 2020

48 Restatement to presentation of income statement and segment information (continued)

(b) Segment information – Group

2019 (Restated)	Fixed Income, Currencies and Commodities \$'000	Equities \$'000	Data, Connectivity and Indices \$'000	Corporate \$'000	Group \$'000
Operating Revenue	138,991	668,287	102,530	-	909,808
Earnings before interest, tax, depreciation and amortisation	43,185	420,968	59,376	-	523,529
Depreciation and amortisation	19,119	38,583	4,810	-	62,512
Operating profit	24,066	382,385	54,566	-	461,017
Non-operating gains	-	-	-	13,468	13,468
Share of results of associated companies and joint venture, net of tax	-	-	-	(1,500)	(1,500)
Tax	-	-	-	(81,887)	(81,887)
Net profit after tax					<u>391,098</u>
2019 (Previous)	Equities and Fixed Income \$'000	Derivatives \$'000	Market Data and Connectivity \$'000	Corporate \$'000	Group \$'000
Operating Revenue	347,529	459,749	102,530	-	909,808
Operating profits	156,063	250,382	54,572	-	461,017
Non-operating gains	-	-	-	13,468	13,468
Share of results of associated companies and joint venture, net of tax	-	-	-	(1,500)	(1,500)
Tax	-	-	-	(81,887)	(81,887)
Net profit after tax					<u>391,098</u>
Segment Assets	<u>769,469</u>	<u>500,916</u>	<u>25,630</u>	<u>836,273</u>	<u>2,132,288</u>
Segment assets includes:					
- Investments in associated companies and joint venture	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,067</u>	<u>79,067</u>
Additions to:					
- Property, plant and equipment and software	36,977	17,294	4,080	-	58,351
Segment Liabilities	<u>664,785</u>	<u>241,285</u>	<u>9,305</u>	<u>126,064</u>	<u>1,041,439</u>
Other Information					
Depreciation and amortisation	29,964	27,733	4,815	-	62,512

Notes to the Financial Statements

For the financial year ended 30 June 2020

49 Comparative information

The financial statements for the year ended 30 June 2019 were audited by another auditor whose report dated 31 July 2019 expressed an unmodified opinion on those financial statements.

50 Subsequent event

On 7 July 2020, SGX Group completed the acquisition of the remaining 80% equity interest in BidFX Systems Ltd. for a cash consideration of approximately US\$128 million, subject to certain adjustments. This acquisition would expand SGX's reach beyond foreign exchange futures into the global foreign exchange over-the-counter market. Details of the other information required by SFRS(I) 3 *Business Combinations* are not disclosed, as the initial accounting for the business combination is not available at the date that these financial statements have been authorised.

For the financial year ended 30 June 2020, SGX Group holds a 20% stake in BidFX Systems Ltd. through its wholly-owned subsidiary, Asian Gateway Investments Pte. Ltd., and accounted for it as investment in associated company.

51 New accounting standards and SFRS(I) interpretations

At the date of authorisation of these financial statements, the following new SFRS(I) amendments that are relevant to the Group and the Company were issued but not effective:

Amendments to SFRS(I) 3 *Business Combinations* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. Its objective is to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments include:

- a) An optional concentration test. This is a simplified assessment that results in an asset acquisition, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.
- b) An assessment focused on the substantive process. If an entity chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

The amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 July 2020.

The Group is presently assessing the impact of the amendments and has not considered the impact of accounting standards issued after the balance sheet date.

Others

Statistics of Shareholdings

As at 4 August 2020

Share Capital	: S\$410,553,725.94
Number of Issued and Paid-up Shares	: 1,071,642,400
Class of Shares	: Ordinary shares
Voting Rights	: One vote per share
	The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

Subject to the Companies Act, Chapter 50, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings¹.

Distribution of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	% ²
1 – 99	103	0.30	3,393	0.00
100 – 1,000	12,714	37.03	10,778,883	1.01
1,001 – 10,000	18,455	53.76	70,341,134	6.58
10,001 – 1,000,000	3,036	8.84	118,113,412	11.05
1,000,001 and above	24	0.07	869,742,038	81.36
Total	34,332	100.00	1,068,978,860	100.00

Based on information available to the Company as at 4 August 2020, approximately 99.86% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Twenty largest shareholders

Name	No. of shares	% ²
1 SEL HOLDINGS PTE LTD ³	249,991,184	23.39
2 CITIBANK NOMINEES SINGAPORE PTE LTD	206,426,242	19.31
3 DBS NOMINEES (PRIVATE) LIMITED	163,314,407	15.28
4 DBSN SERVICES PTE. LTD.	81,845,219	7.66
5 HSBC (SINGAPORE) NOMINEES PTE LTD	71,007,584	6.64
6 RAFFLES NOMINEES (PTE.) LIMITED	23,345,463	2.18
7 PHILLIP SECURITIES PTE LTD	15,231,175	1.42
8 BPSS NOMINEES SINGAPORE (PTE.) LTD.	14,902,519	1.39
9 UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,069,200	0.66
10 MERRILL LYNCH (SINGAPORE) PTE. LTD.	4,631,931	0.43
11 CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	4,202,452	0.39
12 MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	4,135,914	0.39
13 OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,288,655	0.31
14 UOB KAY HIAN PRIVATE LIMITED	3,046,594	0.29
15 SOCIETE GENERALE SPORE BRANCH	2,821,859	0.26
16 OCBC SECURITIES PRIVATE LIMITED	2,668,758	0.25
17 WAN FOOK WENG	2,140,000	0.20
18 BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	1,962,649	0.18
19 MAYBANK KIM ENG SECURITIES PTE. LTD.	1,688,258	0.16
20 DB NOMINEES (SINGAPORE) PTE LTD	1,573,426	0.15
Total	865,293,489	80.94

Statistics of Shareholdings

As at 4 August 2020

Treasury shares and subsidiary holdings

Number of treasury shares: 2,663,540

Number of subsidiary holdings: Nil

Percentage of treasury shares against the total number of issued ordinary shares: 0.25%²

Percentage of subsidiary holdings against the total number of issued ordinary shares: 0%

Substantial shareholders

According to the Register of Substantial Shareholders maintained by the Company, the Company had no substantial shareholders as at 4 August 2020.

- ¹ "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.
- ² Percentage is calculated based on the total number of issued shares, excluding treasury shares.
- ³ Pursuant to section 11(2)(b) of the Exchanges (Demutualisation & Merger) Act 1999 (the "Merger Act"), SEL Holdings Pte Ltd ("SEL"), being the special purpose company set up under the Merger Act to hold the SGX shares for the benefit of the Financial Sector Development Fund, shall not exercise or control the exercise of votes attached to the SGX shares. Owing to the restriction in the exercise of votes attached to the shares, SEL is not regarded as a substantial shareholder of SGX.

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of Singapore Exchange Limited (the "Company") will be convened and held by electronic means on Thursday, 24 September 2020 at 10.00 a.m. (Singapore time) to transact the following business:

ROUTINE BUSINESS

Ordinary Resolution 1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020 and the Auditor's Report thereon.

Ordinary Resolution 2 To declare a final tax exempt dividend of 8 cents per share for the financial year ended 30 June 2020 ("Final Dividend"). (FY2019: 7.5 cents per share)

To re-elect the following directors who will be retiring by rotation under Article 97 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

Ordinary Resolution 3(a) ■ Mr Kwa Chong Seng;

Ordinary Resolution 3(b) ■ Mr Kevin Kwok; and

Ordinary Resolution 3(c) ■ Mr Lim Chin Hu.

Ordinary Resolution 4 To re-elect Dr Beh Swan Gin who ceases to hold office in accordance with Article 103 of the Constitution of the Company and who, being eligible, offers himself for re-election as a director of the Company.

Ordinary Resolution 5 To approve the sum of S\$930,000 to be paid to the Chairman as director's fees for the financial year ending 30 June 2021. (Same as for FY2020: S\$930,000 for Chairman)

Ordinary Resolution 6 To approve the sum of up to S\$1,600,000 to be paid to all directors (other than the Chief Executive Officer) as directors' fees for the financial year ending 30 June 2021. (Same as for FY2020: up to S\$1,600,000 for all directors other than the Chief Executive Officer)

Ordinary Resolution 7 To re-appoint KPMG LLP as Auditor of the Company and to authorise the directors to fix its remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions, which will be proposed as Ordinary Resolutions:

Ordinary Resolution 8 That Mr Mark Makepeace be and is hereby appointed as a director of the Company pursuant to Article 103 of the Constitution of the Company.

Ordinary Resolution 9 That authority be and is hereby given to the directors of the Company to:

- (a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D

(Incorporated in the Republic of Singapore)

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue or consolidation or subdivision of shares,
 and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the Monetary Authority of Singapore) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Ordinary Resolution 10

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchase(s) on the SGX-ST and/or any other securities exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D

(Incorporated in the Republic of Singapore)

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of a Share over the five consecutive trading days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange, immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase;

“date of the making of the offer” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Percentage” means that number of issued Shares representing 10 per cent. of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a market purchase or an off-market purchase, 105 per cent. of the Average Closing Price of the Shares; and

- (d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

Ding Hui Yun (Ms)

Seah Kim Ming Glenn (Mr)

Company Secretaries

Singapore Exchange Limited

31 August 2020

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D
(Incorporated in the Republic of Singapore)

EXPLANATORY NOTES

Routine Business

Ordinary Resolutions 3(a), 3(b) and 3(c) are to re-elect Mr Kwa Chong Seng, Mr Kevin Kwok and Mr Lim Chin Hu who will be retiring by rotation under Article 97 of the Constitution of the Company.

Ordinary Resolution 4 is to re-elect Dr Beh Swan Gin who will cease to hold office under Article 103 of the Constitution of the Company.

Mr Kwa Chong Seng will, upon re-election, remain as Chairman of the Board. He will also continue to serve as the Chairman of the Nominating & Governance Committee and Remuneration & Staff Development Committee. Mr Kevin Kwok will, upon re-election, continue to serve as the Chairman of the Audit Committee and a member of the Nominating & Governance Committee and Risk Management Committee. Mr Lim Chin Hu will, upon re-election, continue to serve as a member of the Audit Committee, Nominating & Governance Committee and Risk Management Committee. Dr Beh Swan Gin will, upon re-election, continue to serve as a member of the Risk Management Committee.

Mr Kwa, Mr Kwok, Mr Lim and Dr Beh are each considered an independent director. Detailed information on these directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found under "Board of Directors" and "Supplemental Information" in the Company's Annual Report 2020.

Mr Thaddeus Beczak is also retiring from office by rotation, but has decided not to offer himself for re-election.

Ordinary Resolution 5 is to seek approval for the payment of S\$930,000 to the Chairman as director's fees for undertaking duties and responsibilities as Chairman of the Board for the financial year ending 30 June 2021 ("FY2021") (which is the same as that approved for the preceding financial year ended 30 June 2020 ("FY2020")). The fee structure for the non-executive directors (including the Chairman) remains unchanged from the fee structure for FY2020.

The sum of S\$930,000 does not include any director's fees payable for serving as chairman or member of any Board committee(s). However, there will be no other emoluments or separate attendance fees payable to the Chairman. In arriving at the proposed Chairman's fee of S\$930,000, the Company took into account:

- (a) the significant leadership role played by the Chairman on the Board, and in providing clear oversight and guidance to management;
- (b) the amount of time the Chairman spends on Company matters, including providing input and guidance on strategy and supporting management in engaging with a wide range of other stakeholders such as partners, governments and regulators, as well as travelling to visit with industry global peers; and
- (c) comparable benchmarks from other large listed companies and peers in the financial industry in Singapore that have chairmen with similar roles and responsibilities, as well as benchmarks from global bourses.

Additional information on the role of the Chairman can be found under "Corporate Governance" in the Company's Annual Report 2020.

Approximately three-quarters of the Chairman's fee of S\$930,000 for FY2021 will be paid in cash and approximately one-quarter will be delivered in SGX shares in the form of a share award to be granted under the SGX Restricted Share Plan for the Chairman who, on the date of grant of the share award, has served for at least 12 months. All fees payable for serving as chairman or member of any Board committee(s) will be paid entirely in cash. The actual number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange Securities Trading Limited over the 14 trading days immediately following the date of the Twenty-First Annual General Meeting, rounded down to the nearest share. The award will consist of fully paid shares, with no performance conditions attached and no vesting period imposed, but there will be a moratorium on the sale of such shares for a period of up to one year after the grant of the award (this will be lifted if the Chairman steps off the Board before the end of the moratorium period).

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D
(Incorporated in the Republic of Singapore)

Ordinary Resolution 6 is to seek approval for the payment of up to S\$1,600,000 to all directors (other than the Chief Executive Officer) as directors' fees for the financial year ending 30 June 2021 ("FY2021") (which is the same as that approved for the preceding financial year ended 30 June 2020 ("FY2020")). The fee structure for the non-executive directors (including the Chairman) remains unchanged from the fee structure for FY2020.

The directors' fees are calculated based on, among other things, the number of directors expected to hold office during the course of that year.

Approximately three-quarters of the basic fee for the non-executive directors for FY2021 will be paid in cash and approximately one-quarter will be delivered in SGX shares in the form of a share award to be granted under the SGX Restricted Share Plan for the non-executive directors (other than Dr Beh Swan Gin and Ms Lim Sok Hui) who, on the date of grant of the share awards, have served for at least 12 months. All fees payable for serving as chairman or member of any Board committee(s) will be paid entirely in cash. The actual number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange Securities Trading Limited over the 14 trading days immediately following the date of the Twenty-First Annual General Meeting, rounded down to the nearest share. The award will consist of fully paid shares, with no performance conditions attached and no vesting period imposed, but there will be a moratorium on the sale of such shares for a period of up to one year after the grant of the award (this will be lifted if the non-executive director steps off the Board before the end of the moratorium period).

The following persons will receive all of their directors' fees for FY2021 in cash (calculated on a pro-rated basis):

(i) Mr Mark Makepeace, who is proposed to be appointed as an additional director at the Twenty-First Annual General Meeting, and (ii) any other non-executive director who steps down before the date of grant of the share awards. The directors' fees for FY2021 for Mr Thaddeus Beczak (who is retiring from office by rotation at the Twenty-First Annual General Meeting but will not be offering himself for re-election, and whose directors' fees for FY2021 will be calculated on a pro-rated basis), Dr Beh Swan Gin and Ms Lim Sok Hui will be paid in cash to their respective employers, Old Peak Investments Ltd, Public Service Division, Prime Minister's Office and DBS Bank Ltd.

The exact amount of director's fees received by each non-executive director for FY2020 is disclosed in full in the Company's Annual Report 2020.

Special Business

Ordinary Resolution 8 is to appoint Mr Mark Makepeace as an additional director pursuant to Article 103 of the Constitution of the Company. Mr Makepeace will be considered an independent director. Detailed information on Mr Makepeace (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found under "Board of Directors" and "Supplemental Information" in the Company's Annual Report 2020.

Ordinary Resolution 9 is to empower the directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (the "50% Limit"), with a sub-limit of 10 per cent. for issues other than on a *pro rata* basis to shareholders. The sub-limit of 10 per cent. for non *pro rata* issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual of the SGX-ST. The Company believes that the lower limit sought for the issue of shares made on a non *pro rata* basis to shareholders is adequate for the time being and will review this limit annually. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Ordinary Resolution 9 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Ordinary Resolution 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. As at 4 August 2020, the Company had 2,663,540 treasury shares and no subsidiary holdings.

Ordinary Resolution 10 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D

(Incorporated in the Republic of Singapore)

The Company may use internal or external sources of funds or a combination of both to finance its purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on whether the Shares are purchased or acquired out of capital and/or retained profits of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled.

Based on the existing issued Shares (excluding treasury shares) as at 4 August 2020 (the "Latest Practicable Date"), and assuming that on or prior to the Annual General Meeting (i) no further Shares are issued or repurchased, or held by the Company as treasury shares, and (ii) no Shares are held as subsidiary holdings, the purchase by the Company of up to the maximum limit of 10 per cent. of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 106,897,886 Shares.

In the case of both market purchases and off-market purchases by the Company, assuming that the Maximum Price is S\$8.73 for one Share (being the price equivalent to 5 per cent. above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), having regard to the Company's share capital and cash and cash equivalents of approximately S\$429,738,000 and S\$132,291,000 respectively, the maximum number of Shares the Company is able to purchase or acquire out of capital to be held as treasury shares or to be cancelled for the duration of the proposed Share Purchase Mandate is 15,153,608 Shares representing 1.42 per cent. of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.

In the case of both market purchases and off-market purchases by the Company, assuming that the Maximum Price is S\$8.73 for one Share (being the price equivalent to 5 per cent. above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), having regard to the Company's retained profits and cash and cash equivalents of approximately S\$542,048,000 and S\$132,291,000 respectively, the maximum number of Shares the Company is able to purchase or acquire out of retained profits to be held as treasury shares or to be cancelled for the duration of the proposed Share Purchase Mandate is 15,153,608 Shares representing 1.42 per cent. of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 30 June 2020 based on the assumptions set out above are set out in paragraph 2.7 of the Letter to Shareholders dated 31 August 2020.

NOTES

- (1) The Twenty-First Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will accordingly be sent to members by electronic means via publication on the Company's website at the URL <https://investorrelations.sgx.com/financial-information/annual-reports>, and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of this Notice will also be sent by post to members (other than those who have signed up to receive notices of meetings, annual reports and other shareholder communications electronically, for online proxy appointment and for the access and use of an SGX-designated website (collectively "Electronic Service") and where such service has been made available).
- (2) Alternative arrangements relating to attendance at the Twenty-First Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Twenty-First Annual General Meeting, addressing of substantial and relevant questions at, or prior to, the Twenty-First Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Twenty-First Annual General Meeting, are set out in the accompanying Company's announcement dated 31 August 2020. This announcement may be accessed at the Company's website at the URL <https://investorrelations.sgx.com/financial-information/annual-reports>, and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of the announcement will also be sent by post to members (other than those who have signed up for the Electronic Service and where such service has been made available).

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D

(Incorporated in the Republic of Singapore)

- (3) **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Twenty-First Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Twenty-First Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Twenty-First Annual General Meeting.** The accompanying proxy form for the Twenty-First Annual General Meeting may be accessed at the Company's website at the URL <https://investorrelations.sgx.com/financial-information/annual-reports>, and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of the proxy form will also be sent by post to members (other than those who have signed up for the Electronic Service and where such service has been made available).
- (4) Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (5) CPFIS/SRS investors who hold SGX shares through CPF Agent Banks/SRS Operators and who wish to request their CPF Agent Banks/SRS Operators to appoint the Chairman of the Meeting as their proxy in respect of the SGX shares held by such CPF Agent Banks/SRS Operators on their behalf should approach their CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 14 September 2020.
- (6) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (7) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623;
 - (b) if submitted electronically via email, be submitted to the Company's Share Registrar at sgxagm2020@boardroomlimited.com; or
 - (c) if submitted electronically via the SGX-designated website for online proxy appointments (for members who have signed up for the Electronic Service and where such service has been made available), be submitted via the online proxy appointment process through the Electronic Service,

in each case not less than 72 hours before the time appointed for holding the Annual General Meeting.

A member who has not signed up for the Electronic Service and who wishes to submit an instrument of proxy can either use the printed copy of the proxy form which is sent to him/her/it by post or download a copy of the proxy form from the Company's website or SGXNet, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, members who have not signed up for the Electronic Service are strongly encouraged to submit completed proxy forms electronically via email.

- (8) The Company's Annual Report 2020 and the Letter to Shareholders dated 31 August 2020 (in relation to the proposed renewal of the share purchase mandate) have been published and may be accessed at the Company's website as follows:
- (a) the Company's Annual Report 2020 may be accessed at the URL <https://investorrelations.sgx.com/financial-information/annual-reports>; and
 - (b) the Letter to Shareholders dated 31 August 2020 may be accessed at the URL <https://investorrelations.sgx.com/financial-information/annual-reports>.

The above documents will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Notice of Annual General Meeting

Singapore Exchange Limited

Company Registration No. 199904940D

(Incorporated in the Republic of Singapore)

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval of shareholders for the Final Dividend being obtained at the Twenty-First Annual General Meeting, the Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on Friday, 2 October 2020 up to (and including) Monday, 5 October 2020 for the preparation of dividend warrants. Duly completed registrable transfers of ordinary shares of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on Friday, 2 October 2020 will be registered to determine shareholders' entitlements to the proposed Final Dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company at 5.00 p.m. on Friday, 2 October 2020 will be entitled to the proposed Final Dividend. Payment of the Final Dividend, if approved by shareholders at the Twenty-First Annual General Meeting, will be made on Friday, 9 October 2020.

Others

Supplemental Information on Directors Seeking Election and Re-election at the 2020 AGM

Name of Director	Mr Kwa Chong Seng	Mr Kevin Kwok
Date of Appointment	20 September 2012	20 September 2012
Date of last re-appointment (if applicable)	21 September 2017	20 September 2018
Age	73	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered the Nominating & Governance Committee's recommendation and assessments of Mr Kwa's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.	The Board has considered the Nominating & Governance Committee's recommendation and assessments of Mr Kwok's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> ▪ Independent Director ▪ Chairperson of the Board ▪ Chairperson of the Nominating & Governance Committee ▪ Chairperson of the Remuneration & Staff Development Committee 	<ul style="list-style-type: none"> ▪ Independent Director ▪ Chairperson of the Audit Committee ▪ Member of the Nominating & Governance Committee ▪ Member of the Risk Management Committee
Professional qualifications	<p>Bachelor of Engineering (Mechanical), National University of Singapore</p>	<ul style="list-style-type: none"> ▪ Bachelor of Arts (Honours), University of Sheffield ▪ ACA – Associate, Institute of Chartered Accountants in England & Wales ▪ FCA – Fellow, Institute of Singapore Chartered Accountants ▪ FSID – Fellow, Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	<p>Chairman and Managing Director of ExxonMobil Asia Pacific Pte Ltd.</p> <ul style="list-style-type: none"> – From December 1999 to October 2011 	<p>Partner of Ernst & Young LLP</p> <ul style="list-style-type: none"> – From September 1977 to June 2012

Others

Supplemental Information on Directors Seeking Election and Re-election at the 2020 AGM

Mr Lim Chin Hu	Dr Beh Swan Gin	Mr Mark Makepeace (Proposed Director)
21 September 2017	1 February 2020	24 September 2020
Not applicable	Not applicable	Not applicable
61	53	59
Singapore	Singapore	United Kingdom
The Board has considered the Nominating & Governance Committee's recommendation and assessments of Mr Lim's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.	The Board has considered the Nominating & Governance Committee's recommendation and assessments of Dr Beh's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.	The Board has considered the Nominating & Governance Committee's recommendation and assessments of Mr Makepeace's qualifications and experiences and is satisfied that he will add relevant knowledge, skills and experience to the Board.
Non-Executive	Non-Executive	Non-Executive
<ul style="list-style-type: none"> ▪ Independent Director ▪ Member of the Audit Committee ▪ Member of the Nominating & Governance Committee ▪ Member of the Risk Management Committee 	<ul style="list-style-type: none"> ▪ Independent Director ▪ Member of the Risk Management Committee 	<ul style="list-style-type: none"> ▪ Independent Director ▪ Member of the Audit Committee
<ul style="list-style-type: none"> ▪ Bachelor of Applied Science, La Trobe University, Australia ▪ FSID – Fellow, Singapore Institute of Directors 	<ul style="list-style-type: none"> ▪ M.B, B.S., Medicine, National University of Singapore ▪ Sloan Fellow, Master of Science in Management, Stanford Graduate School of Business ▪ Advance Management Programme, Business Administration and Management, Harvard Business School 	The Institute of Chartered Secretaries and Administrators, United Kingdom
<ul style="list-style-type: none"> ▪ Managing Partner of Stream Global Pte. Ltd. <ul style="list-style-type: none"> – From May 2010 to present ▪ CEO/Director of BT Global Solutions Pte. Ltd. <ul style="list-style-type: none"> – From July 2000 to May 2011 	<ul style="list-style-type: none"> ▪ Permanent Secretary, Ministry of Law <ul style="list-style-type: none"> – From July 2012 to November 2014 ▪ Managing Director, Singapore Economic Development Board <ul style="list-style-type: none"> – From August 2008 to August 2012 	<ul style="list-style-type: none"> ▪ London Stock Exchange <ul style="list-style-type: none"> – From 2011 to 2019 ▪ FTSE Russell <ul style="list-style-type: none"> – From 1995 to 2019

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

Supplemental Information on Directors Seeking Election and Re-election at the 2020 AGM

Name of Director	Mr Kwa Chong Seng	Mr Kevin Kwok
Shareholding interest in the listed issuer and its subsidiaries	79,939 of SGX shares	24,833 of SGX shares 70,000 shares held by his spouse
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships *"Principal Commitments" has the same meaning as defined in the Code.		
Past (for the last 5 years)	<ul style="list-style-type: none"> ▪ APL Logistics Ltd (Chairman) ▪ Delta Topco Limited ▪ Fullerton Fund Management Company Ltd. (Chairman) ▪ Neptune Orient Lines Limited¹ (Chairman) ▪ Singapore Technologies Holdings Pte Ltd ▪ Olam International Limited (Chairman) <p>¹ Including its subsidiaries, namely APL (Bermuda) Ltd (Chairman), APL Co. Pte Ltd (Chairman), APL Limited (Chairman), Automar (Bermuda) Ltd. (Chairman) and NOL Liner (Pte.) Ltd. (Chairman)</p>	<ul style="list-style-type: none"> ▪ Keppel Offshore & Marine Ltd ▪ The Singapore Institute of Directors ▪ Wheelock Properties (Singapore) Limited

Others

Supplemental Information on Directors Seeking Election and Re-election at the 2020 AGM

Mr Lim Chin Hu	Dr Beh Swan Gin	Mr Mark Makepeace <i>(Proposed Director)</i>
39,833 of SGX shares Held through Citibank Nominees Singapore Pte Ltd	Nil	Nil
Nil	Nil	Nil
Nil	Nil	Nil
Yes	Yes	Yes

Performance Overview

Group Overview

Value Creation & Sustainability

- Changi General Hospital Pte Ltd
- Eastern Health Alliance Pte. Ltd.
- Keppel DC REIT Management Pte. Ltd.
- Personal Data Protection Commission (IDA)
- The Singapore Institute of Directors
- Telstra Ltd (Listed on ASX)
- CLA Real Estate Holdings Pte. Ltd.
- ST Engineering Electronics Ltd.
- Singapore Technologies Engineering Ltd
- Westwood Grange (Cobham) Management Company Limited
- London Stock Exchange
- FTSE Russell

Value Creation & Sustainability

Governance

Financials

Others

Supplemental Information on Directors Seeking Election and Re-election at the 2020 AGM

Name of Director	Mr Kwa Chong Seng	Mr Kevin Kwok
Present	<p>Listed Company Singapore Technologies Engineering Ltd (Chairman)</p> <p>Others (Non-listed company) Seatown Holdings Pte. Ltd.</p> <p>Major Appointment (other than Directorship)</p> <ul style="list-style-type: none"> ▪ Defence Science and Technology Agency ▪ Public Service Commission (Deputy Chairman) 	<p>Listed Company Mapletree North Asia Commercial Trust Management Ltd.</p> <p>Others (Non-listed company) Sentosa Development Corporation</p> <p>Major Appointment (other than Directorship) Accounting Standards Council (Chairman)</p>
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	<p>There is no change to the responses previously disclosed by Mr Kwa under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No".</p> <p>The Appendix 7.4.1 information in respect of Mr Kwa's appointment as Director was announced on 13 August 2012.</p>	<p>There is no change to the responses previously disclosed by Mr Kwok under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No".</p> <p>The Appendix 7.4.1 information in respect of Mr Kwok's appointment as Director was announced on 13 August 2012.</p>

Others

Supplemental Information on Directors Seeking Election and Re-election at the 2020 AGM

Mr Lim Chin Hu

Dr Beh Swan Gin

Mr Mark Makepeace
(Proposed Director)

Listed Company

- Kulicke & Soffa Inc – listed in Nasdaq (Non-executive director)
- Singapore Technologies Engineering Ltd

Others (Non-listed Company)

- Citibank Singapore Limited
- G-Able Thailand Ltd
- Heliconia Capital Management Pte Ltd (“Heliconia”)
 - Vanda 1 Investments Pte. Ltd. (Subsidiary of Heliconia)
- Singapore Health Services Pte. Ltd. (“SingHealth”)
 - Aescapulus Holdings Pte Ltd (Subsidiary of SingHealth)
 - Alps Pte. Ltd. (Subsidiary of SingHealth)
 - Integrated Health Information Systems Pte. Ltd. (Subsidiary of Ministry of Health Holdings)
- SPTeL Pte Ltd (Subsidiary of STEngg)

Major Appointment (other than Directorship)

- Stream Global Pte Ltd (Partner)

There is no change to the responses previously disclosed by Mr Lim under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all “No”.

The Appendix 7.4.1 information in respect of Mr Lim’s appointment as Director was announced on 18 September 2017.

Listed Company

Nil

Others (Non-listed company)

- Ascendas Funds Management (S) Pte Ltd (Chairman)
- Economic Development Board (Chairman)
- DesignSingapore Council Pte. Ltd.
- EDB Investments Pte Ltd (Chairman)
- EDBI Pte. Ltd. (Chairman)
- Enterprise Singapore
- Human Capital Leadership Institute Pte. Ltd.
- Lucasfilm Animation Singapore Pte. Ltd.
- Singapore Innovate Pte. Ltd.
- Temasek Foundation Connects CLG Limited

Major Appointment (other than Directorship)

- National Research Foundation
- University of St Gallen (Member of Advisory Board)
- Young Presidents’ Organisation

There is no change to the responses previously disclosed by Dr Beh under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all “No”.

The Appendix 7.4.1 information in respect of Dr Beh’s appointment as Director was announced on 28 January 2020.

Listed Company

Nil

Others (Non-listed company)

- M8R Limited
- St Giles Global LCC
- The Stock Exchange of Saudi Arabia (Tawadul)

Major Appointment (other than Directorship)

Nil

There is no change to the responses previously disclosed by Mr Makepeace under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all “No”.

The Appendix 7.4.1 information in respect of Mr Makepeace’s appointment as Director was announced on 31 August 2020.

Performance Overview

Group Overview

Value Creation & Sustainability

Governance

Financials

Others

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Corporate Information

Board of Directors

Chairman

Mr Kwa Chong Seng

Chief Executive Officer

Mr Loh Boon Chye

Members

Mr Thaddeus Beczak

Dr Beh Swan Gin

Appointed on 1 February 2020

Ms Chew Gek Khim

Ms Jane Diplock AO

Mr Kevin Kwok

Mr Lim Chin Hu

Ms Lim Sok Hui (Mrs Chng Sok Hui)

Mr Ng Wai King

Mr Subra Suresh

Company Secretaries

Ms Ding Hui Yun

Mr Seah Kim Ming Glenn

Share Registrar

Boardroom Corporate &
Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

t: +65 6536 5355

e: SRS.TeamB@boardroomlimited.com

w: boardroomlimited.com

Auditor

KPMG LLP

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

t: +65 6213 3388

w: kpmg.com.sg

Partner-in-Charge

Mr Leong Kok Keong

Appointed on 3 October 2019

Board Committees

Audit Committee

Chairman

Mr Kevin Kwok

Members

Ms Jane Diplock AO

Mr Lim Chin Hu

Appointed on 3 October 2019

Nominating & Governance Committee

Chairman

Mr Kwa Chong Seng

Members

Ms Chew Gek Khim

Mr Kevin Kwok

Mr Lim Chin Hu

Mr Subra Suresh

Remuneration & Staff Development Committee

Chairman

Mr Kwa Chong Seng

Members

Ms Chew Gek Khim

Mr Ng Wai King

Risk Management Committee

Chairman

Ms Lim Sok Hui (Mrs Chng Sok Hui)

Members

Mr Thaddeus Beczak

Dr Beh Swan Gin

Appointed on 1 February 2020

Ms Jane Diplock AO

Mr Kevin Kwok

Mr Lim Chin Hu

Registered Office

Singapore Exchange Limited

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Singapore 068804

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w: sgx.com

Place of Incorporation

Singapore

Company Registration No.

199904940D

Date of Incorporation

21 August 1999

Investor Relations

For enquiries on SGX's business performance, contact the Investor Relations team at

e: ir@sgx.com

Sustainability

e: sustainability@sgx.com

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