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## **NEWS RELEASE**

### **SGX Announces 2001 Annual Results, Full Dividend Payout Declared**

Singapore Exchange Limited (SGX) today announced its annual results for the fiscal year ended 30 June 2001, the first full year results since its inception in December 1999 and listing in November 2000.

SGX recorded total operating revenue of S\$208.4m and total operating expenses of S\$136m for the full year ended 30 June 2001. Net profit after-tax for the period was S\$49m. SGX's securities market generated revenue amounting to S\$140.7m, while the derivatives market generated revenue of S\$55.4m, along with revenue of S\$12.3m from other services and operations.

SGX declared a final gross dividend of 4.3 cents per share. In March 2001, an interim gross dividend of 3 cents per share was paid for the half-year ended December 2000. The final dividend brings the full year gross dividend to 7.3 cents per share. Subject to approval at the Annual General Meeting, the final dividend will be paid in October 2001.

SGX CEO, Mr Thomas Kloet, commented, "The past financial year has been an exciting one for SGX as we became a listed company, thereby completing the conversion of our company to a commercial enterprise. As expected, our financial performance was impacted by the global investing environment and our own ambitious efforts at capacity building and infrastructural development. With a crystallized strategic blueprint, we are focusing our efforts on growing our core businesses and seeking out new opportunities to expand our portfolio. We remain committed to generating future returns through building the necessary infrastructure and making sound investments, thereby creating value for our investors, market participants and our shareholders."

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## Highlights of 2001 Annual Financial Results

S\$m	FY2001	FY 2000*
Operating revenue	208.4	238.1
Operating expenses	(136.0)	(112.0)
<b>Operating profit</b>	<b>72.4</b>	<b>126.1</b>
Non-operating revenue	17.0	18.9
Profit/(Loss) from Associate	(0.4)	-
<b>Net profit before tax &amp; exceptional items</b>	<b>89.0</b>	<b>145.0</b>
Exceptional items	(20.6)	-
Tax	(19.4)	(37.1)
<b>Net profit after tax</b>	<b>49.0</b>	<b>107.9</b>

\*stated on a pro-forma basis

(For complete unaudited full year financial statement and dividend announcement, please refer to MASNET Filing).

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## Notes

### Projects Delivered

In the past year, SGX has successfully rolled out a number of key initiatives to extend our global distribution as well as expand our range of products. These include:

#### Securities Market

##### 1. SGXAccess

On 29 March 2001, we launched SGXAccess, an open interface for securities trading which provides for wider and more direct distribution of products. SGXAccess uses a widely accepted international protocol (FIX 4.2) and allows brokers to differentiate their products to clients.

To date, 13 member companies have signed Memoranda of Intent to adopt SGXAccess by the end of 2001. Two members have already adopted SGXAccess, and one of them is using it as its primary means of accessing our marketplace. We will continue to promote and market SGXAccess to other member companies, on-line brokers and

potential overseas brokers and traders. In addition, we will market SGXAccess to independent software vendors to create software solutions for member companies.

## 2. Exchange Traded Funds (ETFs)

On 1 December 2000, SGX signed a Joint Venture Agreement with the American Stock Exchange to develop an ETFs market in Singapore and to promote ETFs regionally. Trading of 5 ETFs commenced on 4 May 2001.

We are working closely with State Street Global Advisors (SSgA) on the development and marketing of an ETF based on STI (Straits Times Index). We expect to list the local STI ETF by the end of 2001.

## Derivatives Market

### 1. Singapore Government Bond Futures

The underlying Singapore Government Securities Market has experienced good growth in the past year and this bodes well for the newly launched Singapore Government Bond Futures Contract. The product will complement our Singapore Dollar Interest Rate Futures Contract to enable SGX-DT to offer risk management instruments on Singapore interest rates over a longer yield curve up to 6 to 7 years out. Launched in June 2001, the Singapore Government Bond Futures Contract has been well received and used by primary and secondary dealers in Singapore Government Securities and other financial institutions.

### 2. Global Access to SGX-DT Electronic Trading System (ETS)

SGX-DT has been actively working with independent software vendors (ISVs) and its Corporate Members to develop direct interfaces to the ETS. SGX-DT products on ETS can then be directly accessed through such ISVs / proprietary front-ends globally through internet and other leased or private network lines. Several ISVs and Member firms are already successfully connected to the ETS from several major overseas markets.

### 3. Derivatives Trading via Bloomberg Terminals

On 23 April 2001, SGX-DT and Bloomberg L.P. announced that derivatives contracts on the SGX ETS are accessible via Bloomberg terminals. This partnership allows SGX to leverage on Bloomberg's extensive and global distribution network to provide our members and their customers a convenient and low cost access to SGX-DT's contracts, thereby adding liquidity to our market. This initiative, together with the recent opening of internet access to ETS, is a significant step in SGX's efforts to extend the global reach of our derivatives products.

SGX derivatives contracts which can be traded via Bloomberg terminals include Euroyen Futures, Japanese Government Bond Futures, Nikkei 225 Futures, Nikkei 300 Futures, MSCI Taiwan Index Futures, MSCI Singapore Index Futures, Straits Times Index Futures, S&P CNX NIFTY Index Futures and the recently launched 5-year Singapore Government Bond futures.

#### 4. Mutual Offset System (MOS 21)

Launched in September 2000, MOS 21 is a real time trade allocation system with the Chicago Mercantile Exchange Inc. that enables participants of the two exchanges to allocate trades to each other on a real time basis, giving market participants better risk management and operational efficiency.

#### 5. Clearing Operations and Risk Evaluation (CORE) System

Launched in April 2001, CORE is a new clearing system developed in-house for monitoring intra-day risk by providing timely and accurate assessment of members' accumulated exposure. CORE employs a new settlement algorithm, thus reducing SGX-DC's dependence on settlement banks to confirm margin calls on clearing members. This clearing information is also provided to clearing members electronically to enable them to implement straight through processing for trade settlement.

### IT Solutions (SGX-ITS)

#### 1. Securities Processing & Settlements Outsourcing Services

On 27 March 2001, SGX-ITS signed an agreement to form a joint venture company with DBS Securities and OCBC Securities to provide securities processing and settlements outsourcing services. This company aims to increase client brokers' operational efficiency and reduce transaction costs by providing technology (ASP) and operational (Business Service Provider or BSP) outsourcing services for securities processing. These services will cover the provision of the whole value chain of securities processing – from order entry to order management, trade enrichment, settlement, custody and will be offered on a modular basis. Efforts will be concentrated on developing a system which includes multi-market, multi-product, multi-currency and real time analysis capabilities. The solution will ultimately enable straight through processing for the entire chain of securities processes by integrating the front-end with the back-end of a securities transaction. The joint venture company is expected to announce its first suite of products by 3Q 2001.

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

## Ongoing Projects

There are a number of ongoing projects which SGX targets to launch in the second half of 2001. These include:

### Securities Market

#### 1. Securities Borrowing and Lending

We are currently finalising the operating procedures for the establishment of a securities borrowing and lending facility in 3Q 2001 to boost market liquidity. This facility will improve investment and hedging opportunities for market participants, and pave the way for the creation of an equity options market.

#### 2. Cross Border Linkage Infrastructure

In June 2000, we entered into an agreement with the Australian Stock Exchange ("ASX") to design and establish an electronic co-trading and clearing system. This electronic linkage will allow brokers at each exchange to transmit orders through their existing trading terminals directly into the electronic trading system of the other exchange for execution. Information necessary for clearing and settlement will also be provided. We believe this facility will increase the liquidity of the covered securities. The link may serve as a model for regional cooperation. We anticipate having this linkage facility operationally ready by the end of 2001.

#### 3. Straight Through Processing

We are developing an open settlement infrastructure that will allow member firms to connect their own settlement and risk management systems to the CDP settlement system, and facilitate Straight Through Processing (STP) to improve market efficiency. STP, which automates trade processing from order entry to settlement and custody, will not only reduce operating and business costs, but also lower the risk for market participants in securities settlement, and facilitate cross border settlement.

Under the first phase of this project, we will develop common messaging standards for participants, determine the business and technical specifications, and promote market acceptance of the infrastructure. We expect to complete this phase by 3Q 2001. The second phase will be completed with the live system in place, in approximately another two years.

## Derivatives Market

### 1. Single Stock Futures

We expect to launch Single Stock Futures, which parallels their introduction in other global derivatives markets, by the end of this year. They will initially be based on stocks listed on SGX-ST. These instruments will widen SGX's product range, increase arbitrage opportunities and market liquidity. As the nature of the product is new to retail investors, extensive marketing and education programmes will be conducted.

## Singapore Exchange Limited (SGX)

Singapore Exchange Ltd (SGX) is Asia Pacific's first demutualised and integrated securities and derivatives exchange. It was inaugurated on 1 December 1999, following the merger of two established and well-respected financial institutions – the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX). Leveraging on the combined strengths of the former entities, and through its innovative approach, broad range of products, strong international alliances and cutting-edge technology, SGX aims to establish itself as a leading integrated exchange and expand its presence in the global financial marketplace. On 23 November 2000, SGX became the first exchange in Asia Pacific to be listed via a public offer and a private placement. SGX is listed on its own Mainboard. For more information, visit us at [www.sgx.com](http://www.sgx.com).