



Corporate Governance and Disclosures

31	Corporate Governance
37	Interested Person Transactions
38	Analysis of Shareholdings
39	Board of Directors
41	Key Executives
43	Directors' Remuneration
44	Key Executives' Remuneration
45	Summary Financial Statements

Corporate Governance

The Board of Directors (“the Board”) is committed to ensuring that the highest standard of corporate governance is practised throughout Neptune Orient Lines Limited (“NOL” or “the Company”) and its subsidiaries (collectively known as “the Group”). This is fundamental to the discharge of its responsibilities to protect and enhance shareholder value and to ensure transparency in reporting the financial performance of the Group. In its support of the Code of Corporate Governance 2005 (“the Code”) as annexed to the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Board has established various self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practised.

Outlined below are the policies, processes and practices adopted by the Group in compliance with the principles and spirit of the Code.

1. Board of Directors

Responsibilities

The Board’s role is to oversee the management of the Company on behalf of all shareholders.

It delegates specific areas of responsibilities to six Board Committees (Nominating, Executive, Audit, Executive Resource and Compensation, Enterprise Risk Management, and Approval Committees). These Committees have the authority to examine particular issues and report back to the Board with their recommendations, where appropriate. The ultimate responsibility for the final decision on all matters, however, rests with the entire Board.

Matters which are specifically reserved for decision of the full Board include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends and other returns to shareholders.

Major investments or expenditures, other than operational expenditures that are required in the normal course of business and that are in line with Board-approved Business Plan and Budget, are subject to the approval of the Executive Committee and/or the Board.

Board Composition

On 1 November 2006, Dr Thomas Held was appointed to the Board contemporaneous with his appointment as Group President and Chief Executive Officer.

On 26 December 2006, three Non-Executive Directors (Messrs Bobby Chin Yoke Choong, Simon Claude Israel and Tan Pheng Hock) were appointed to the Board.

As required under the Companies Act, all four new directors will be standing for re-election at the Company’s Annual General Meeting (“AGM”) in April 2007.

NOL currently has 13 Directors, 12 of whom (including the Chairman) are non-executive and 11 are independent. The Chairman is independent except in relation to transactions involving the Temasek Group. Mr Simon Claude Israel is non-independent. Collectively, the Directors contribute a range of relevant skills, including accounting, legal, finance, human resource, business, management, industry knowledge, strategic planning and customer-based experience or knowledge, to the global operations of the Group. Key information on the Directors can be found in the “Board of Directors” section of the Annual Report.

As part of Board renewal, in the appointment of Directors process, the Nominating Committee considers the required mix of skills and experience of the Board members, including the core competencies of each of the Non-Executive Directors.

To comply with the requirement in the Code that all Directors should submit themselves for re-nomination and re-election at regular intervals, the Company’s Articles of Association provides for one-third of the Board, including the Group Chief Executive Officer (“CEO”), to retire at each AGM and, where applicable, to submit themselves for re-election.

Chairman and the Chief Executive Officer

The Chairman, Mr Cheng Wai Keung, chairs the Board and Executive Committee meetings. He guides the Board in its discussion on significant issues. In addition, he guides the Management towards achieving the Group’s objectives.

The CEO, Dr Thomas Held, is responsible for the business directions and operational decisions of the Group.

The Chairman and CEO are not related.

Directors' Training Needs

NOL conducts an orientation programme for new Board members to familiarise them with the Group's businesses and governance practices, including policies on disclosure of interests in securities, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive information.

Directors are at liberty to request further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from the Management.

The Company also arranges for its Board members to be kept abreast of developments in the shipping and logistics industry through lunch talks and media updates. To keep pace with the fast-changing laws, regulations and commercial risks, Directors have an on-going budget to receive further relevant training of their choice in connection with their duties as Directors. They are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company.

2. Board Performance

The Board performance evaluation process involves questionnaires being sent out, on an annual basis, to the Non-Executive Directors to secure their feedback on the effectiveness of the Board and each of its Committees as a whole.

From the comments of Board members, an executive summary is prepared and tabled for discussion by the Nominating Committee. The salient points, including proposed course of action in response to the feedback, are subsequently tabled for the Board's information.

3. Board's conduct of its affairs

The Board meets at least four times a year, with additional meetings convened as and when necessary. The Articles of Association of the Company allows a Board meeting to be conducted by way of teleconference or video-conference. During the financial year under review, the Board convened eight meetings (including four special meetings), which were fully attended.

The Chairman ensures that Board meetings are held as and when necessary. He approves the Board meeting agenda upon consultation with the CEO. The Chairman ensures that Board members are provided with adequate and timely information. Management staff who are involved in the preparation of Board papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend the Board meetings.

To address the competing time commitments of Directors, Board and Board Committee meeting dates are scheduled in advance, before the beginning of each calendar year.

4. Board Committees

The Company has six Board Committees:

- (i) Nominating Committee
- (ii) Executive Committee
- (iii) Audit Committee
- (iv) Executive Resource and Compensation Committee
- (v) Enterprise Risk Management Committee
- (vi) Approval Committee

i. Nominating Committee ("NC")

The members of the NC are Messrs Ang Kong Hua (Chairman), Cheng Wai Keung and James Connal Scotland Rankin, all of whom are Non-Executive and Independent Directors.

The NC makes recommendations to the Board on all Board appointments and re-appointments. It also decides on the appointments of the members of the various Board Committees and the independent status of each of the Directors.

During the financial year, the NC had two meetings. Full attendance was recorded for the meetings.

ii. **Executive Committee (“Exco”)**

The Exco comprises four Non-Executive Directors, Mr Cheng Wai Keung (Chairman), Mr Ang Kong Hua, Dr Friedbert Malt and Mr Simon Claude Israel (appointed on 27 February 2007) and one Executive Director (Dr Thomas Held). Mr Cheng is independent except in relation to transactions involving the Temasek Group, while Mr Israel is non-independent.

Co-opted to attend the Exco Meetings as Observers are Mr Cedric Foo, Group Deputy President & Chief Financial Officer, Mr Ronald Widdows, CEO Liner, Mr Brian Lutt, President Logistics, and Ms Wu Choy Peng, Group Chief Information Officer.

The Exco is delegated with all the powers of the Board to conduct and supervise the business of the Company and its staff. Its responsibilities include: providing overall strategic direction to the Management and guiding development policies and strategies for the Group; reviewing and approving business transactions recommended by Management subject to a limit of US\$100 million per transaction; reviewing and recommending major business transactions for the Board’s approval, wherever required; reviewing and monitoring the financial performance and progress of the Group; and evaluating the performance and determining the employment terms and compensation package (salary, bonus, share options, performance shares and benefits-in-kind) for the Executive Director.

Over and above the general functions described above, the Exco may from time to time be delegated powers by the Board to oversee specific matters and/or projects.

The Exco held four meetings during the financial year and these were fully attended, except for one where a member was absent.

iii. **Audit Committee (“AC”)**

The AC consists of four Non-Executive Directors, all of whom are independent. Chaired by Mr Christopher Lau Loke Sam (elected Chairman on 19 April 2006), the other three members of the Committee are Mr Robert Holland, Jr, Mr Peter Wagner and Mr Bobby Chin Yoke Choong (appointed on 26 December 2006).

The AC is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to information relating to the Group, to both the internal and external auditors, and to the Management and staff. It has full discretion to invite any Director or executive officer to attend its meetings. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the Group.

The AC’s duties include:

- a) Reviewing with the external auditors the audit plan, the scope of the audits, the evaluation of the internal accounting controls, the audit reports and any matters which the external auditors wish to discuss (in the absence of Management, where necessary).
- b) Reviewing the cost-effectiveness and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the Group, the AC keeps the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.
- c) Reviewing with the internal auditors the internal audit plan, the scope and the results of internal audit procedures, and their evaluation of the overall internal control systems. The internal control systems include financial controls, operational and compliance controls and risk management policies and systems established by the Management. The AC should ensure that a review of the effectiveness of the Group’s internal controls is conducted at least annually. Such review can be carried out by the internal and/or public accountants, provided that where the public accountant is also the external auditor of the Company, the AC should satisfy itself that the independence of the public accountant is not compromised by any other material relationship with the Group.
- d) Reviewing the effectiveness of the Group’s internal audit function.
- e) Reviewing the assistance given by the Group’s officers to the auditors.
- f) Reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Group.

- g) Reviewing the Group's quarterly and year-end financial statements prior to submission to the Board and/or release to SGX-ST, focusing on:
- going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the quarterly review and year-end audit
 - major judgmental areas.

The Company has put in place procedures to ensure that the financial information from its operations are not false and misleading in order to increase the assurance level of the AC in its review of the quarterly financial statements. In addition, the Company has also obtained negative assurance confirmation from its various key business and operational/functional heads within the Organisation/Group that nothing has come to their attention that would render the financial results to be false or misleading.

- h) Reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

To allow staff to raise concerns about improprieties, the Company has in place a whistle-blowing hotline managed by the Company's Internal Audit Department.

- i) Making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- j) Meeting with the external auditors, and with the internal auditors, without the presence of the Management, at least annually.
- k) Monitoring Interested Person Transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity. The AC is also required to ensure that Directors report such transactions quarterly via SGX-ST quarterly announcements and annually to shareholders via the Annual Report.
- l) Undertaking any other functions agreed by the AC and the Board.

The AC conducts an annual review of the independence and objectivity of Ernst & Young, the Company's external auditors. For FY2006, the AC undertook a review of the volume of non-audit services provided by the external auditors to assess whether the nature and extent of those services might prejudice the independence and objectivity of the auditors. The AC was satisfied that such services did not affect the independence of the external auditors. The AC also reviewed the cost-effectiveness of the audit conducted by the external auditors.

The AC convened five meetings during the financial year with full attendance from all members. The attendees at these meetings included the Group CEO, Group Chief Financial Officer ("CFO"), Vice President of Group Finance and Group Internal Auditor. The external auditors attend these meetings, where required.

Internal Audit ("IA")

The IA's functions include assisting the AC and the Board in the evaluation of the internal controls, financial and accounting matters, compliance, business and financial risk management. The IA reports directly to the Chairman of the AC on audit matters, and to the CEO on administrative matters.

The AC reviews IA's reports on a quarterly basis. The AC also reviews and approves the annual IA plan and resources. The AC is satisfied that IA has adequate resources to perform its functions, and has appropriate standing within the Company.

iv. Executive Resource and Compensation Committee (“ERCC”)

The ERCC performs critical roles in support of sound Corporate Governance principles in the areas of Board compensation and executive reward management.

In particular, it recommends to the Board a framework of remuneration for the Non-Executive Directors and members of the senior executive team (except CEO).

It has responsibility to ensure that appropriate recruitment, development and succession planning programmes are in place for the senior executives.

The ERCC is chaired by Mr James Connal Scotland Rankin, an Independent and Non-Executive Director. The other members, who are also Non-Executive and Independent, are Mr Cheng Wai Keung, Dr Friedbert Malt, Mr Yasumasa Mizushima, Mr Timothy Charles Harris and Mr Tan Pheng Hock (appointed on 26 December 2006).

In the delivery of its role, the principal responsibilities of the ERCC include:

- Endorsement of the reward philosophy, strategy and guiding principles relevant to NOL senior executives;
- Authorisation of all remuneration arrangements that involve the issuance of shares;
- Overall market positioning of the remuneration packages, individual base salaries and increases;
- Benefit entitlements (including retirement and pension arrangements);
- Service contracts for senior executives;
- Recruitment specifications and appointments;
- Development assignments; and
- Succession criteria and candidates.

In framing the Group’s remuneration policy, the ERCC receives advice from external consultants.

Four meetings were convened by the ERCC during the financial year, with full attendance.

The remuneration for the Non-Executive Directors includes directors’ fees and share options.

NOL Executive Remuneration Policy

The NOL remuneration strategy and policy was designed to ensure a strong linkage between company performance and individual reward elements. All policy matters on senior executive reward come under the purview of the ERCC.

For employees in the senior management group, their total annual remuneration is managed within a “total rewards” framework. This rewards framework is benchmarked against the external market that includes the Company’s competitive market for talent, worldwide. Pay surveys, conducted by external consultants, are used to verify that the packages are competitively positioned.

Annual incentive bonuses are linked to the achievement of overall corporate, business unit and individual objectives. Performance shares are awarded on the basis of meeting financial goals and key performance indicators. Stock options are awarded on the demonstration of leadership competencies.

By aggressively managing the fixed cost elements of remuneration, such as salaries and benefits, the Group retains the necessary flexibility to stay competitive in a cyclical industry. This also enables NOL to adjust pay-at-risk components (such as bonuses and share plans) to appropriately reward, motivate and retain the top talent that it needs to drive success.

v. Enterprise Risk Management Committee (“ERMC”)

The ERMC was established on 11 August 2005 for the purpose of guiding and providing direction on building up risk management capability within the NOL Group. Chaired by Mr Robert Holland, Jr, the other members of the ERMC are Messrs Christopher Lau Loke Sam, Timothy Charles Harris, Peter Wagner and Simon Claude Israel (appointed on 26 December 2006).

In 2006, the ERMIC convened five meetings, which were fully attended.

vi. Approval Committee

The Approval Committee was established to endorse operational and procedural matters such as the appointment of proxies to attend Annual General Meetings in subsidiaries and associated companies within the Group, grant powers of attorney relating to appointment of agents to handle the business operations of the Group, and to authorise the affixing of the corporate seal.

The Committee currently consists of the Chairman and CEO, whose approvals are sought by way of resolutions-in-writing.

5. Communication with Shareholders

The Group values dialogue with its investors. The CEO and CFO hold discussions with the news media and analysts upon the announcement of the Company's second quarter and financial year-end results to the SGX-ST. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments. However, any information that may be regarded as undisclosed material information about the Group will not be given, without it being announced through SGXNET.

The Group has an investor relations team which communicates with its investors on a regular basis and attends to their queries. All registered shareholders of the Company receive the Annual Report and Notices of General Meetings. The Notices are also advertised in the newspaper and made available on the Company's website: www.nol.com.sg.

Whilst the Company's Articles currently provide for a limit of up to two proxies for all shareholders, including nominee companies, the Company has, in compliance with the spirit of the Code, allowed nominee companies to specify, in writing, the names of the beneficial shareholders of the Company who are attending the Company's General Meetings as observers. However, only one vote per shareholder is counted where voting is conducted via a show of hands.

At each AGM, the Company presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. The CEO and the Chairmen of the NC, Exco, AC, ERCC and ERMIC, and external auditors are available to respond to shareholders' questions during the meeting.

Each item of business included in the notice of the AGM is, where relevant, accompanied by an explanation of the effects of the proposed resolution. Detailed information is incorporated in the Annual Report and annexures that were circulated to shareholders together with the notice of meeting. Separate resolutions are proposed for substantially separate issues at the meeting.

6. Dealings in Securities

The Group has adopted internal codes in relation to the dealing of the Company's securities. Directors and officers of the Group are prohibited from trading in the Company's securities during the relevant blackout period prior to the announcement of the Company's quarterly and full year results, in accordance with the guidelines set out by the SGX-ST from time to time. They are also not expected to deal in the Company's securities on considerations of a short-term nature. In addition, Directors and officers of the Company are required, at all times, to observe the insider trading rules outlined in the Securities and Futures Act.

To enable the Company to monitor such transactions, Directors of the Company are required to report to the Company Secretary within 24 hours of any dealing in the Company's securities. All securities transactions reported by Directors are disclosed publicly within the stipulated notice period.

7. Interested Person Transactions

The Company has also put in place an internal procedure to track Interested Person Transactions ("IPTs") of the Company. The Corporate Finance Department is in charge of keeping a register of the Company's IPTs. All IPTs are disclosed in the Company's Annual Report.

Interested Person Transactions

For the Financial Year Ended 29 December 2006

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	2006* US\$'000	2005 US\$'000
Transactions for the Purchase of Goods and Services		
Keppel Shipyard Limited and its associates	13,044	9,369
Keppel Telecommunications & Transportation Ltd and its associates	650	–
PSA Corporation Limited and its associates **	123,363	88,108
Sembcorp Marine Ltd and its associates	2,725	1,787
Singapore Petroleum Company Limited and its associates	24,252	–
Singapore Technologies Engineering Ltd and its associates	72	–
Temasek Capital (Private) Limited and its associates	72	–
Transactions for the Leasing-in of Assets		
Sembcorp Marine Ltd and its associates	4,175	4,009
Transactions for the Sale of Goods and Services		
Keppel Telecommunications & Transportation Ltd and its associates	401	–
PSA Corporation Limited and its associates	2,078	–
SembCorp Marine Ltd and its associates	118	–
SembCorp Industries Ltd and its associates	64	–
Singapore Food Industries and its associates	90	–
Aggregate value of all transactions during the financial year under review (excluding transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) pursuant to Rule 907 of the SGX-ST Listing Manual		
	2006* US\$'000	2005 US\$'000
Transactions for the Purchase of Goods and Services		
Keppel Telecommunications & Transportation Ltd and its associates	–	667
PSA Corporation Limited and its associates **	–	16,639
Singapore Petroleum Company Limited and its associates	–	32,466
Transactions for the Sale of Goods and Services		
Keppel Telecommunications & Transportation Ltd and its associates	–	1,073
PSA Corporation Limited and its associates	–	1,575
Sembcorp Marine Ltd and its associates	–	257
SembCorp Industries Ltd and its associates	–	239
SNP Corporation Ltd and its associates	–	110

The above relates to cumulative value of transactions (inclusive of GST) more than S\$100,000.

* The transactions for 2006 were collated based on the Shareholders' Mandate for Interested Person Transactions as approved by shareholders during the Annual General Meeting on 19 April 2006.

** Includes purchases from subsidiaries of PSA International Pte Ltd.

Analysis of Shareholdings

As at 9 March 2007

Issued and Fully Paid-Up Capital:	S\$1,568,662,386
Number of Shares Issued:	1,459,484,747
Class Of Shares:	Ordinary Shares
Voting Rights:	One Vote Per Share

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of shares	% of Shares
1 – 999	358	2.98	141,164	0.01
1,000 – 10,000	10,587	88.26	31,277,222	2.15
10,001 – 1,000,000	1,032	8.60	43,238,977	2.96
1,000,001 & Above	19	0.16	1,384,827,384	94.88
Total	11,996	100.00	1,459,484,747	100.00

Breakdown of Shareholders	Number of Shares	% of Shares
Local	1,099,700,668	75.35
Foreign	359,784,079	24.65

Top 20 Registered Shareholders as at 9 March 2007	Number of Shares	% of Shares
Lentor Investments Pte Ltd	585,192,970	40.10
Temasek Holdings (Private) Limited	383,465,362	26.27
DBS Nominees Pte Ltd	127,574,912	8.74
Citibank Nominees S'pore Pte Ltd	71,290,461	4.88
HSBC (Singapore) Nominees Pte Ltd	57,794,745	3.96
Raffles Nominees Pte Ltd	39,162,896	2.68
DBSN Services Pte Ltd	30,286,072	2.08
Startree Investments Pte Ltd	24,871,000	1.70
Morgan Stanley Asia (S'pore) Securities Pte Ltd	20,290,477	1.39
United Overseas Bank Nominees Pte Ltd	15,216,241	1.04
DB Nominees (S) Pte Ltd	7,527,715	0.52
Merrill Lynch (S'pore) Pte Ltd	6,527,805	0.45
Gan Teck Yeow Sdn Bhd	4,500,000	0.31
OCBC Nominees Singapore Pte Ltd	2,717,891	0.19
Mitsui and Co Ltd	2,699,000	0.18
Lo Kai Leong @ Loh Kai Leong	1,942,000	0.13
Cheok Soo Yew	1,450,000	0.10
Kim Eng Securities Pte Ltd	1,218,000	0.08
Phillip Securities Pte Ltd	1,099,837	0.08
Societe Generale S'pore Branch	969,714	0.07
Total	1,385,797,098	94.95

Substantial Shareholder	Direct Interest	Deemed Interest*
Temasek Holdings (Private) Limited	383,465,362	612,043,970

* Interest of substantial shareholder is also deemed through its subsidiaries and associated companies.

Shareholding in the Hands of the Public

The percentage of shareholdings in the hands of the public is approximately 31.69% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual, which states that an issuer must ensure that at least 10% of its equity securities is at all times held by the public.

Board of Directors

Cheng Wai Keung, Chairman

Mr Cheng Wai Keung is Chairman of the NOL Board and a Director of other Group subsidiary companies, including APL. He is also Chairman of the NOL Board Executive Committee and a member of the Nominating Committee and the Executive Resource and Compensation Committee. Mr Cheng is concurrently the Chairman and Managing Director of Wing Tai Holdings Limited, and Vice Chairman of Singapore-Suzhou Township Development Pte Ltd. He also holds directorships in several public and private companies, both locally and overseas, including GP Batteries International Ltd, Media Asia Entertainment Group Ltd and China-Singapore Suzhou Industrial Park Development Co. Ltd. Mr Cheng was awarded the Public Service Star (BBM) in 1987 and the Public Service Star (Bar) (BBM-Lintang) in 1997 by the Government of Singapore. He was re-appointed Justice of The Peace (JP) by the President of the Republic of Singapore in 2005. Mr Cheng graduated with a Bachelor of Science degree from Indiana University and holds a Masters in Business Administration from the University of Chicago, US.

Friedbert Malt, Vice Chairman

Dr Friedbert Malt is Vice Chairman of the NOL Board and a member of the NOL Board Executive Committee and the Executive Resource and Compensation Committee. Dr Malt also serves on the Board of TUV Rheinland of North America, a global leader in independent testing and assessment services. He taught finance as a lecturer at the University of Hamburg, Germany and has held various international responsibilities, including as a member of the Executive Board of DG Bank (now DZ Bank AG) until the end of 2001. Dr Malt brings valuable insights and experience in international finance to NOL Group. He has served on many Supervisory Boards of various international financial institutions.

Ang Kong Hua, Vice Chairman

Mr Ang Kong Hua joined the NOL Board in 2003 as a Vice Chairman and is Chairman of the Nominating Committee and a member of the Board's Executive Committee. He is Executive Director of NATSTEEL Ltd, a listed Singapore-based manufacturing group. Before joining NATSTEEL in 1975, he was with Singapore's Economic Development Board and The Development Bank of Singapore. Mr Ang also serves on the Boards of DBS Bank Limited, k1 Ventures Limited and the Government of Singapore Investment Corporation.

Thomas Held, Executive Director

Dr Thomas Held joined the NOL Board in November 2006 as Group President and Chief Executive Officer. Dr Held was previously CEO of Schenker AG, one of the world's leading providers of integrated logistics services, from January 2003 to January 2006. He joined Schenker in January 1997 and became a member of its Management Board at that time. Prior to his appointment as Schenker's CEO, he served as its Chief Financial Officer and for a period of six years was also its Chief Information Officer. From 1987 to 1996 he worked with automotive component supplier Robert Bosch GmbH in Stuttgart, Germany. Dr Held graduated in economics and obtained a Ph.D at the University of Bonn in Germany.

Yasumasa Mizushima, Director

Mr Yasumasa Mizushima joined the NOL Board in 2002 after his retirement from the position of President and Chief Executive of Sony Logistics, a global business with one of the most extensive supply chains in the world. Mr Mizushima is a member of the Executive Resource and Compensation Committee. He has more than 40 years' experience in building supply chain networks including establishing and heading Sony GmbH, Sony Corporation's subsidiary in Germany. He retired from Sony Corporation in June 2006 after completing terms as a Member of the Board and Executive Vice President and Corporate Advisor. He also holds the positions of: Professor of the Tama Graduate School of Management and Information Sciences in Tokyo, Japan; the Managing Director of its Institute of Supply Network Management and Strategy; Honorary Professor of the Universiti Tunku Abdul Rahman, Malaysia; and Director of the International Association of Ports and Harbors Head Office Maintenance Foundation in Tokyo.

James Connal Scotland Rankin, Director

Banking and human resources specialist Mr Connal Rankin joined the NOL Board in 2002. He was appointed Chairman of the Executive Resource and Compensation Committee in June 2003 and is a member of the Nominating Committee. Mr Rankin retired from a 45 year career with HSBC Holdings plc at the end of 2005. During his career with HSBC he undertook numerous international postings, including in Brunei, Australia, Canada, the Philippines, Saudi Arabia and Hong Kong. He was a Group General Manager and CEO of HSBC Singapore from 1995 to 2000.

Robert Holland Jr, Director

US business consultant Mr Robert Holland, Jr joined the NOL Board in January 2004 as a member of the Audit Committee and was appointed Chairman of the Enterprise Risk Management Committee in August 2005. Mr Holland is currently a General Partner and Industry Specialist with private equity firm Williams Capital Partners. Previously, he was the sole owner and served as Chairman and CEO of WorkPlace Integrators, one of the largest Steelcase office furniture dealerships in the United States. He was formerly President and CEO of ice cream maker Ben & Jerry's and spent several years as a partner with McKinsey & Company. His current directorships include Carver Federal Savings Bank, a community-based bank headquartered in Harlem, New York; printing solutions company Lexmark International; and the world's largest quick-serve restaurant company, Yum! Brands Inc., which operates a number of leading global food brands.

Christopher Lau Loke Sam, Director

Senior Counsel and Chartered Arbitrator Mr Christopher Lau joined the NOL Board in May 2004 as a member of the Audit Committee and was appointed to NOL's Enterprise Risk Management Committee in 2005. He became Chairman of the Audit Committee in April 2006. Mr Lau is a former Judicial Commissioner of the Supreme Court of Singapore and is currently a consultant with law firm Alban Tay Mahtani & de Silva. He has more than 30 years' experience in maritime and commercial law and is a member of the Governing Board of the International Maritime Law Institute of the International Maritime Organisation. Mr Lau also serves as an arbitrator both in Singapore and internationally, belonging to the Singapore Institute of Arbitrators, Singapore Chamber of Maritime Arbitration and a number of international arbitration organisations.

Timothy Charles Harris, Director

Mr Timothy Harris joined the NOL Board in 2005 as a Member of the Executive Resource and Compensation Committee and the NOL Enterprise Risk Management Committee. Mr Harris was appointed Chief Executive Officer of P&O Nedlloyd Container Line Limited in 1996, following the merger of P&O Containers Limited and Nedlloyd Lines BV. He led the company until 2000. He also served on the P&O Board from 1986, managing the company's cruise interests as both Chairman and CEO. He was also Chairman of Box Club, the International Council of Containership Operators, from 1995 to 2000. Mr Harris was created a Commander of the British Empire (CBE) in the United Kingdom's 1996 New Year's Honours. His current appointments include chairing the marine services company, James Fisher and Sons and leading ship broking firm, Clarkson.

Peter Wagner, Director

Mr Peter Wagner joined the NOL Board in 2005 as a member of the Audit Committee and the NOL Enterprise Risk Management Committee. Mr Wagner has held senior positions at logistics companies in Switzerland, Germany and the United States over the past 25 years. He was on the Management Board for Deutsche Post AG from 1999 to 2001 where he oversaw worldwide logistics activities. He was appointed Chief Financial Officer (1989) and Chief Executive Officer (1996) of Danzas Holding AG, Switzerland. Mr Wagner is a certified public accountant and has completed an Executive Program in Business Administration (EPBA) from Columbia Business School, New York. Currently he is Vice Chairman of Wild Group Management AG, Zug, a member of the Board of Directors of finance group, Kaiser Ritter Partner Holding AG and its subsidiary, Serica Bank AG, domiciled in Vaduz, Principality of Liechtenstein, and of 3i Infrastructure Ltd., a stock quoted company at the London Stock Exchange. Mr Wagner was previously Chairman of Vontobel Bank AG and Vontobel Holding AG, one of the leading banks in Switzerland.

Bobby Chin Yoke Choong, Director

Mr Bobby Chin joined the NOL Board in December 2006 as a Member of the Audit Committee. He was the managing partner of KPMG Singapore from 1992 until his retirement from the firm in September 2005. Mr Chin is Chairman of the Singapore Totalisator Board and of Changi Airports International Pte Ltd. He is also a director of several listed companies, including Oversea-Chinese Banking Corporation Ltd. and The Straits Trading Company Ltd. Mr Chin serves on the Board of Trustees of Singapore Management University and the Singapore Indian Development Association.

Simon Claude Israel, Director

Mr Simon Israel joined the NOL Board in December 2006 as a Member of the Enterprise Risk Management Committee. He was appointed a member of the NOL Board Executive Committee in February 2007. He has been an Executive Director of Temasek Holdings (Private) Limited, the Singapore-headquartered investment firm, since July 2006. Previously, Mr Israel spent 10 years as Chairman Asia Pacific of the Danone Group and as a member of that group's Executive Committee. Prior to this, he worked across the Asia Pacific region in a 22-year career with Sara Lee Corporation. Mr Israel chairs the Singapore Tourism Board, is a director of Singapore Telecommunications Ltd, Fraser and Neave Ltd and Asia Financial Holdings Pte Ltd. He also sits on the Business Advisory Board of the Lee Kong Chian School of Business at Singapore Management University.

Tan Pheng Hock, Director

Mr Tan Pheng Hock joined the NOL Board in December 2006 as a Member of the Executive Resource and Compensation Committee. Mr Tan has been President and CEO of publicly listed Singapore Technologies Engineering Ltd since 2002. He is also a director of SembCorp Marine Ltd, and is Chairman of the Board of Governors of Nanyang Polytechnic and Deputy Chairman of the Singapore Workforce Development Agency. Mr Tan began his career with the ST Group in 1981 as an engineer in its marine division after graduating with first class honours in marine engineering from the University of Surrey, UK. He also holds a Master of Science (Management) from Stanford University, US.

Key Executives

The following information covering NOL Group's Key Executives is provided as required by Rule 1207(4)(c).

Group Executive Team*

Thomas Held, Group President and Chief Executive Officer

Details for Executive Director Thomas Held are provided on page 39 of this Annual Report.

Cedric Foo, Group Deputy President and Chief Financial Officer, NOL Group

Cedric Foo was appointed Group Deputy President in April 2005 and assumed the responsibilities of Chief Financial Officer in January 2007. He oversees NOL Group's finance, human resources and corporate planning activities. Prior to joining NOL in 2005, Mr Foo was Singapore's Minister of State in both the Ministry of Defence and the Ministry for National Development. He served as Senior Vice President at Singapore Airlines from 2000 to 2002. Mr Foo previously worked at NOL from 1985 to 2000 and was Executive Vice President of Corporate Finance from 1997 to 2000. A Member of Singapore's Parliament since November 2001, Mr Foo serves as Chairman of the Public Accounts Committee and the Government Parliamentary Committee for Transport. He has also been Chairman of SPRING (Standards, Productivity and Innovation Board) Singapore since April 2003. In January 2007, Mr Foo was appointed Deputy Chairman of Singapore's JTC Corporation, a leading provider of industrial space solutions. Mr Foo holds a Bachelor of Science in Engineering (Naval Architecture and Marine Engineering) from the University of Michigan and a Master of Science (Ocean Systems Management) from Massachusetts Institute of Technology (MIT).

Ron Widdows, Chief Executive Officer, APL

Ron Widdows was appointed CEO of APL in January 2003. In this role he has responsibility for the commercial, financial and operational activities of the APL liner organisation. In his previous role of Executive Vice President, Global Operations and Network, he was responsible for the day-to-day operations of APL's liner business, including the line-haul and feeder fleets, global equipment management, procurement, terminals and alliance relationships. Mr Widdows has held senior executive roles in Asia, the United States and Canada, with a particular focus on operations. He previously held the positions of APL Senior Vice President, Liner Operations and Senior Vice President responsible for APL Americas Operations and Logistics, which included management of US West Coast terminal operator company Eagle Marine Services and the Stacktrain Services subsidiary. Mr Widdows has over 35 years' experience in the shipping industry, including more than 25 years with APL.

Brian Lutt, President, APL Logistics

Brian Lutt was appointed President of APL Logistics in October 2005 and is responsible for overseeing the NOL Group's logistics operations and managing the growth of APL Logistics globally. He has worked with the NOL Group since 1983. Prior to his current appointment, Mr Lutt was NOL's Regional President – Asia/Middle East, responsible for the Group's liner and logistics business operations in this key geography. Before moving to Singapore in 2003, Mr Lutt was based in Shanghai as President Greater China managing NOL Group's liner business operations and developing strategy for APL Logistics' expansion in the Greater China market. He was previously Senior Vice President Asia-Europe responsible for trade management teams in Singapore and London. Mr Lutt has also managed business units in South East and North Asia during his career, holding a variety of senior management positions in Singapore, Thailand and Japan. He holds a Bachelor's degree in International Relations/Political Economics from San Francisco State University.

Wu Choy Peng, Group Chief Information Officer, NOL Group

Wu Choy Peng joined the NOL Group as Chief Information Officer in July 2006. Her responsibilities include overseeing strategy development, design and implementation of a broad range of information systems and processes and ensuring streamlined and standardised day-to-day business processes for the Group's customers worldwide. Ms Wu previously worked for 19 years with the Singapore Government in a wide variety of IT management roles. Prior to joining NOL, Ms Wu was the Singapore Government's Chief Information Officer for six years, also holding the position of Deputy Chief Executive (Industry) of the Infocomm Development Authority of Singapore. Ms Wu holds Bachelor of Science and Master of Science degrees from the University of Michigan, Ann Arbor.

* All members of the Group Executive Team are based in NOL Group's head office in Singapore.

Regional Presidents

David Appleton, President, Europe, NOL Group

David Appleton was appointed President, Europe in 2004 and is responsible for overseeing NOL Group activities and long-term growth in both container transportation and end-to-end supply chain services in the Europe region and the former Soviet Union. Previously he held the roles of President APL Europe and Vice President, Sales and Marketing, APL Europe. Prior to that he was responsible for the Trans-Atlantic trade management team, located in London and New Jersey. Mr Appleton has more than 25 years' experience in the transport industry. Prior to joining APL in 1999, he spent 12 years with Sea-Land Service where he held a variety of senior management positions, including general manager and managing director roles in the United States, UK and Ireland and the former Soviet Union. During this time, he was also involved in the management of joint venture activities in Russia and a ship owning entity in the UK. Mr Appleton holds a B.Sc. Honours Degree in Maritime Studies and is a member of the Chartered Institute of Logistics and Transport. He is based in Uxbridge, UK.

John Bowe, President, Americas, NOL Group

John Bowe oversees NOL Group's businesses in the US, Canada and Latin America and is responsible for operations and long-term growth in both container transportation and end-to-end supply chain services in the region. Mr Bowe joined APL in 1987 and has more than 30 years' experience in the shipping industry in a wide variety of positions, including regional management, operations and network roles. Prior to being appointed President, Americas in 2004, he was Vice President and Managing Director for APL in Hong Kong and South China. Mr Bowe has also served as Vice President, Liner Planning, Vice President, Worldwide Logistics and Managing Director, West Asia with APL. He is based in Oakland, California.

Kenneth Glenn, President, South Asia, NOL Group

Kenneth Glenn was appointed Senior Vice President, South Asia and Managing Director India in October 2005 and became President South Asia in August 2006. His responsibilities include the NOL Group operations in India, Pakistan, Sri Lanka, Bangladesh, Nepal and Afghanistan. Mr Glenn was previously Senior Vice President of APL's Asia-Europe liner trade. He joined NOL in 2000 after 23 years with Sea-Land Service and CSX Lines during which he held a variety of senior management positions in geographic and trade roles. Mr Glenn has nearly 30 years' experience in the shipping and maritime industry, during which he has lived in the United States, Hong Kong, United Kingdom, Russia and Singapore. He is now based in Mumbai, India.

Jim McAdam, President, Asia/Middle East, NOL Group

Jim McAdam was appointed President, Asia/Middle East in September 2006 and is responsible for NOL Group's liner shipping and logistics operations across Japan, Korea, Australasia, the ASEAN countries and the Middle East. Previously he was Senior Vice President Business Solutions, with responsibility for developing and implementing global supply-chain capabilities for the NOL Group. He joined NOL in 1999 as Vice President and Managing Director North Asia, based in Tokyo. Prior to that, he was Director International Operations with Menlo Logistics in the US. Earlier in his career, Mr McAdam worked with APL from 1984 to 1996, holding senior management positions in Japan, Thailand and the US. He has more than 20 years' experience in the transportation and logistics industry, including more than 13 years of Asia-based assignments. He holds a Bachelor's Degree in Finance from Michigan State University and a Masters Degree in Asian Political Economics from the University of San Francisco. He is based in NOL Group's head office in Singapore.

Daniel Ryan, President, Greater China, NOL Group

Daniel Ryan was appointed President, Greater China in August 2006. He leads NOL Group businesses in China, Hong Kong, Chinese Taiwan and Macau, and is responsible for APL and APL Logistics operations across the region. Previously, from 2004, he held the role of Vice President and Managing Director Hong Kong and South China. Mr Ryan began his career with the company in 1987 as a financial analyst and has served in a range of senior roles including President, APL Logistics Europe, President, APL Middle East/Africa and Managing Director, Indonesia. He has a broad-ranging background in sales and marketing and liner trade management, as well as business development and logistics planning, and has lived and worked in Hong Kong, the US, Europe, Indonesia and Dubai as well as China. Mr Ryan holds a Bachelor's degree from California State University, Sacramento and an MBA from the University of Notre Dame in Indiana. He is based in Shanghai, China.

Directors' Remuneration

For the Financial Year Ended 29 December 2006

Number of Directors in Remuneration Bands

Remuneration Bands	2006	2005
US\$2,050,000 to US\$2,199,999	–	1
US\$1,450,000 to US\$1,599,999	1	–
US\$400,000 to US\$549,999	–	1
US\$250,000 to US\$399,999	1	–
US\$100,000 to US\$249,999	2	1
Below US\$100,000	11	12
	15	15

Remuneration Bands for the Directors of the Company

For the Financial Year Ended 29 December 2006	Fees %	Fixed Pay	Variable Pay		Expatriate Benefits %	Other Benefits %	Total %
		Annual Base Salary %	Annual Cash Bonus %	Equity Incentives %			
Between US\$250,000 to US\$399,999							
Thomas Held (appointed on 1 November 2006)	–	37	19	37	–	7	100
Between US\$1,450,000 to US\$1,599,999							
David Lim Tik En (resigned as a Director and as an executive on 31 October 2006)	–	40	–	–	–	60	100
Between US\$100,000 to US\$249,999							
Cheng Wai Keung	55	–	–	41	–	4	100
Friedbert Malt	55	–	–	31	–	14	100
Below US\$100,000							
Ang Kong Hua	65	–	–	35	–	–	100
Yasumasa Mizushima	52	–	–	35	–	13	100
James Connal Scotland Rankin	61	–	–	28	–	11	100
Willie Cheng Jue Hiang (retired on 19 April 2006)	100	–	–	–	–	–	100
Robert Holland, Jr	60	–	–	28	–	12	100
Christopher Lau Loke Sam	65	–	–	31	–	4	100
Timothy Charles Harris	57	–	–	34	–	9	100
Peter Wagner	56	–	–	29	–	15	100
Bobby Chin Yoke Choong (appointed on 26 December 2006)	100	–	–	–	–	–	100
Simon Claude Israel (appointed on 26 December 2006)	100	–	–	–	–	–	100
Tan Pheng Hock (appointed on 26 December 2006)	100	–	–	–	–	–	100

The total Directors' Remuneration disclosed under the audited financial statements is computed based on the cost incurred by the Group whereas the above remuneration bands for the Directors of the Company is derived based on the assumptions as detailed below:

1. Variable Incentives includes Annual Cash Bonus and Equity Incentives (Share Options and Performance Shares) that relates to payments/awards for the performance year even though the actual compensation may be realised in different calendar years.
2. The value of Share Options is derived using the Trinomial valuation model, while that of Performance Shares is derived based on the average closing share price of NOL shares over the five trading days following the third day of the announcement of the Group's annual results for financial year 2006.
3. Benefits (including gratuity and allowances) are based on cost to the Group.
4. Severance and redundancy costs are not included in Remuneration.

Key Executives' Remuneration

For the Financial Year Ended 29 December 2006

Remuneration Bands for the Top Five Key Management Staff who are not also Directors of the Company

For the Financial Year Ended 29 December 2006	Fixed Pay	Variable Pay			Expatriate Benefits %	Other Benefits %	Total %
	Annual Base Salary %	Annual Cash Bonus %	Equity Incentives %				
Between US\$1,000,000 to US\$1,149,999							
Appleton, David	30	18	37	–	15	100	
Between US\$1,150,000 to US\$1,299,999							
Foo, Cedric	31	25	41	–	3	100	
Between US\$1,300,000 to US\$1,449,999							
Lutt, Brian	25	17	31	16	11	100	
Between US\$1,150,000 to US\$1,299,999							
Ryan, Daniel	20	12	12	44	12	100	
Between US\$1,600,000 to US\$1,749,999							
Widdows, Ronald	27	22	33	6	12	100	

The total remuneration of key management personnel disclosed under the audited financial statements is computed based on the cost incurred by the Group whereas the above remuneration bands for the Top Five Key Management Staff who are not also Directors of the Company is derived based on the assumptions as detailed below:

1. Variable Incentives includes Annual Cash Bonus and Equity Incentives (Share Options and Performance Shares) that relates to payments/awards for the performance year even though the actual compensation may be realised in different calendar years.
2. The value of Share Options is derived using the Trinomial valuation model, while that of Performance Shares is derived based on the average closing share price of NOL shares over the five trading days following the third day of the announcement of the Group's annual results for financial year 2006.
3. Expatriate and other Benefits are based on cost to the Group. Expatriate Benefits include tax equalisation, housing, cost of living allowances, education benefits, etc. Tax equalisation costs are derived based on best estimates of taxable income, pending the final tax assessment.
4. Severance and redundancy costs are not included in Remuneration.