

PART 2

**CORPORATE GOVERNANCE & DISCLOSURES
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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 Group 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, other returns to shareholders and major investments or expenditures.

Board Composition

NOL currently has 12 directors, 11 of whom (including the Chairman) are non-executive and 9 are independent. The Chairman and Mr Boon Swan Foo are independent except in relation to transactions involving the Temasek Group. Mr Simon Claude Israel and Mr Tan Pheng Hock are 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 “Directors’ Biographies” 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 (“Group CEO”), to retire at each Annual General Meeting (“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 Group CEO, Mr Ronald Dean Widdows, is responsible for the business directions and operational decisions of the Group. The Chairman and Group 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 three Special Board Meetings and a Board Retreat), which were fully attended except for two meetings, from which one member was absent.

The Chairman ensures that Board meetings are held as and when necessary. He approves the Board meeting agenda upon consultation with the Group 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 Bobby Chin Yoke Choong (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 one meeting. Full attendance was recorded for the meeting.

ii. Executive Committee (“Exco”)

The Exco comprises four Non-Executive Directors, Mr Cheng Wai Keung (Chairman), Dr Friedbert Malt, Mr Simon Claude Israel and Mr Boon Swan Foo and one Executive Director (Mr Ronald Dean Widdows). Mr Cheng and Mr Boon are independent except in relation to transactions involving the Temasek Group, while Mr Israel is non-independent.

Six of the senior management staff have been co-opted to attend the Exco Meetings as Observers. They are Mr Cedric Foo, Group Deputy President & Chief Financial Officer (“GDYP/CFO”), Mr Eng Aik Meng, President Liner, Mr Brian Lutt, President Logistics, Ms Wu Choy Peng, Group Chief Information Officer, Mr Steve Schollaert, President Terminals and Mr Goh Teik Poh, Group Chief Human Resource Officer. On 11 March 2009, the Company announced Mr Lutt’s resignation to pursue another opportunity outside the NOL Group.

The Exco is delegated with all the powers of the Board to conduct and supervise the business of the Group 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.

iii. Audit Committee (“AC”)

The AC consists of four Non-Executive Directors, all of whom are independent. Chaired by Mr Christopher Lau Loke Sam, the other three members of the Committee are Mr Robert Holland, Jr, Mr Peter Wagner and Mr Bobby Chin Yoke Choong.

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, operational and compliance controls established by the Management. The AC ensures that reviews of the effectiveness of the Group’s internal controls are conducted. Such reviews can be carried out by the internal auditors 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 significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group’s financial performance.

- 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.

Procedures are in place to ensure that financial information relating to the Group's operations are not false or misleading in order to increase the assurance level of the AC in its review of the quarterly financial statements. In addition, the Company has obtained negative assurance confirmation from its various key business and operational/function 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 Group 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 on Management's 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.

In carrying out its duties, the AC is guided by the practical guidance and recommendations of best practices for audit committees of Singapore-listed companies, as set out in the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee in October 2008.

The AC has nominated Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM.

The AC conducts an annual review of the independence and objectivity of Ernst & Young LLP, the Group's external auditors. For the financial year ended 26 December 2008, 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 four meetings during the financial year with full attendance from all members except one where a member was absent. The attendees at these meetings included the Group President & CEO, GDYP/CFO, Vice President of Group Finance, Group Internal Auditor and external auditors, 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 Group 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 Group.

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 the Group 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. The other members are Mr Cheng Wai Keung, Dr Friedbert Malt, Mr Timothy Charles Harris, Mr Tan Pheng Hock and Mr Boon Swan Foo (who was appointed on 1 February 2009). All members of the ERCC are Non-Executive Directors and independent except for Mr Tan Pheng Hock who is non-independent.

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.

Five meetings were convened by the ERCC during the financial year, one of which had a member absent.

The remuneration for the Non-Executive Directors currently comprises directors’ fees.

NOL Executive Remuneration Policy

The NOL remuneration strategy and policy was designed to ensure a strong linkage between the Group’s 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 which includes the Group’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. Share 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 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.

The ERMC meets twice a year to engage NOL management on significant risks of the Group. The Committee reviews “risk registers” which describe the risks in terms of likelihood of occurrence, significance of impact and adequacy of treatment. Risk registers have been developed for all business units and regions in the enterprise.

Reporting to the Board, the ERMC liaises closely with the AC on all significant risks and the status of related management actions.

In 2008, the ERMC convened two meetings. Two members could not attend one of the meetings.

vi. **Approval Committee**

The Approval Committee was established to endorse operational and procedural matters such as the appointment of proxies to attend AGMs 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 Group CEO, whose approvals are sought by way of resolutions-in-writing.

5. Communication with Shareholders

The Group values dialogue with its shareholders, investors, analysts and media. The Group CEO and GDYP/CFO hold briefings with the news media and analysts upon the announcement of the Group'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. To ensure a broad dissemination, the briefing is conducted through a live webcast and made available to the public on the Group's website at www.nol.com.sg. The materials used in the briefing are also made available to the public on the Group's website and SGXNET. However, any information that may be regarded as undisclosed material information about the Group will not be given, without it being announced through SGXNET first.

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 Group's website: www.nol.com.sg.

While the Company's Articles currently provide for a limit of up to two proxies for each shareholder (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 Group CEO and the Chairmen of the NC, Exco, AC, ERCC and ERM 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 annexes 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. The Company, its 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 Group's quarterly and full year results, in accordance with the guidelines set out by the SGX-ST. They are also required, at all times, to observe the insider trading rules outlined in the Securities and Futures Act and are not expected to deal with the securities on short-term considerations.

All securities transactions reported by Directors and any shares purchased by the Company are disclosed publicly within the stipulated notice period, in accordance with the guidelines set out by the SGX-ST.

7. Interested Person Transactions

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

INTERESTED PERSON TRANSACTIONS

For the Financial Year Ended 26 December 2008

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	2008 US\$'000	2007 US\$'000
Transactions for the Purchase of Goods and Services		
Keppel Shipyard Limited and its associates	–	3,249
Keppel Telecommunications & Transportation Ltd and its associates	156	557
PSA Corporation Limited and its associates	169,499	149,239
Sembcorp Marine Ltd and its associates	25,811	620
Singapore Petroleum Company Limited and its associates	17,767	10,465
Transactions for the Leasing-in of Assets		
Sembcorp Marine Ltd and its associates	3,677	4,412
Transactions for the Sale of Goods and Services		
Keppel Shipyard Limited and its associates	–	70
NIB Bank Limited	80	–
PSA Corporation Limited and its associates	–	243
Sembcorp Marine Ltd and its associates	194	79
SNP Corporation Ltd and its associates	–	323

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

ANALYSIS OF SHAREHOLDINGS

As at 2 March 2009

Issued and Fully Paid-Up Capital (including Treasury Shares):	S\$1,603,911,770
Issued and Fully Paid-Up Capital (excluding Treasury Shares):	S\$1,596,298,815
Number of Issued Shares (excluding Treasury Shares):	1,473,442,398
Number/Percentage of Treasury Shares:	1,726,717 (0.117 %)
Class of Shares:	Ordinary Shares
Voting Rights (excluding Treasury Shares):	One Vote Per Share

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1 – 999	365	2.10	138,930	0.01
1,000 – 10,000	14,845	85.52	51,580,112	3.50
10,001 – 1,000,000	2,125	12.24	79,568,381	5.40
1,000,001 & Above	25	0.14	1,342,154,975	91.09
Total	17,360	100.00	1,473,442,398	100.00

Breakdown of Shareholders	Number of Shares	% of Shares
Local	1,170,006,294	79.41
Foreign	303,436,104	20.59

Top 20 Registered Shareholders as at 2 March 2009	Number of Shares	% of Shares
Lentor Investments Pte Ltd	585,192,970	39.72
Temasek Holdings (Private) Limited	383,465,362	26.03
DBS Nominees Pte Ltd	133,837,208	9.08
Citibank Nominees S'pore Pte Ltd	65,527,898	4.45
HSBC (Singapore) Nominees Pte Ltd	35,771,103	2.43
DBSN Services Pte Ltd	30,608,680	2.08
Startree Investments Pte Ltd	24,871,000	1.69
Raffles Nominees Pte Ltd	24,741,611	1.68
United Overseas Bank Nominees Pte Ltd	20,926,861	1.42
DB Nominees (S) Pte Ltd	8,256,753	0.56
Gan Teck Yeow Sdn Bhd	5,000,000	0.34
Morgan Stanley Asia (S'pore) Securities Pte Ltd	3,039,034	0.21
Merrill Lynch (S'pore) Pte Ltd	2,904,470	0.20
OCBC Nominees Singapore Pte Ltd	2,810,240	0.19
Kim Eng Securities Pte Ltd	1,997,000	0.14
Lo Kai Leong @ Loh Kai Leong	1,894,000	0.12
Cheok Soo Yew	1,833,000	0.12
Phillip Securities Pte Ltd	1,727,639	0.11
BNP Paribas Nominees S'pore Pte Ltd	1,368,000	0.09
Mitsui and Co Ltd	1,355,100	0.09
Total	1,337,127,929	90.75

Substantial Shareholders	Direct Interest	Deemed Interest
Temasek Holdings (Private) Limited	383,465,362	610,691,920*
AXA S.A.	–	89,254,596*

* Temasek is deemed to be interested in the 610,691,920 Shares held by its associated companies and subsidiaries.

* AXA S.A. is deemed to be interested in the 89,254,596 Shares held by its affiliates.

Shareholdings in the Hands of the Public

The percentage of shareholdings in the hands of the public is approximately 26.31% 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.

DIRECTORS' BIOGRAPHIES

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 Executive Committee and Approval Committee, and a member of its Nominating Committee and 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 Limited and China-Singapore Suzhou Industrial Park Development Co., Ltd. Mr Cheng was awarded Singapore's Distinguished Service Order (DUBC-Darjah Utama Bakti Cemerlang) in August 2007, and has received other public service medals including the Public Service Star (BBM) in 1987 and the Public Service Star (Bar) (BBM-Lintang) in 1997 awarded by the Government of Singapore in recognition of service to the nation. He has been a Justice of the Peace, appointed by the President of Singapore, since 2000. Mr Cheng graduated with a Bachelor of Science degree from Indiana University and holds a Masters in Business Administration from the University of Chicago.

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 is a director of the Central Europe and Russia Fund, Inc., the European Equity Fund, Inc., and the New Germany Fund, Inc., all of which are listed on the New York Stock Exchange. 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.

Ronald Dean Widdows, Executive Director

Mr Ronald Widdows joined the NOL Board in July 2008 upon being appointed Group President and Chief Executive Officer. He is a member of the NOL Board Executive Committee and Approval Committee. Mr Widdows was previously, from 2003, CEO of NOL's container shipping business APL. Prior to that, he was Executive Vice President, Global Operations and Network where he was responsible for APL's day-to-day operations including the line-haul and feeder fleets, global equipment management, procurement, terminals and alliance relationships. Earlier, he held the positions of APL Senior Vice President, Liner Operations and Senior Vice President responsible for APL Americas Operations and Logistics. Mr Widdows has worked in the shipping industry over four decades and joined APL in 1980. He has held senior executive roles in Asia, the United States and Canada. Mr Widdows is Chairman of the World Shipping Council and of the Transpacific Stabilization Agreement and Westbound Transpacific Stabilization Agreement research and discussion groups. He is on the Advisory Boards of the International Transport Forum and the US Merchant Marine Academy-Kingspoint.

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. He also serves on the Board of Millennium & Copthorne Hotels plc. 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 The West Africa Fund, based in Ghana and focused on investment opportunities in the Economic Community of West Africa (ECOWA). He formerly held a similar position with the firm of 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 quick-service restaurant brands. Previously, he was a director of the Olin Corporation, ACNielsen, Frontier Communications and the Mutual Insurance Company of NY (MONY).

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 the 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 ATMD Bird & Bird LLP (formerly known as 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, is an accredited arbitrator with the Singapore International Arbitration Centre, Singapore Chamber of Maritime Arbitration and a number of international arbitral institutions.

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 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. He is currently the Chairman of the marine services company, James Fisher and Sons.

Peter Wagner, Director

Mr Peter Wagner joined the NOL Board in 2005 as a member of the Audit Committee and the 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 previously (1989-2001) Chief Financial Officer and Chief Executive Officer 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. Mr Wagner served from 1994-2005 as a member of the Board and Chairman of Vontobel Holding AG and Vontobel Bank AG, one of the leading private banking groups in Switzerland. Currently he is Vice Chairman of Wild Group Management AG, Zug, Switzerland, a member of the Board of Directors of finance group Kaiser Ritter Partner Holding Anstalt, Vaduz, Principality of Liechtenstein, and Chairman of its subsidiaries Kaiser Ritter Partner Privatbank AG, Vaduz, and Kaiser Ritter Partner (Schweiz) AG, Zollikon, Switzerland. He is also a Board member of 3i Infrastructure Ltd., Jersey, a stock quoted company on the London Stock Exchange.

Bobby Chin Yoke Choong, Director

Mr Bobby Chin joined the NOL Board in December 2006 as a member of the Audit Committee. He became Chairman of the Nominating Committee in April 2008. He was the managing partner of KPMG Singapore from 1992 until his retirement in September 2005. Mr Chin is Chairman of Singapore Totalisator Board. He is also a director of several listed companies, including Oversea-Chinese Banking Corporation Ltd, Yeo Hiap Seng Ltd, Ho Bee Investment Ltd, AV Jennings Limited and Sembcorp Industries Ltd. Mr Chin is a Board member of Singapore Labour Foundation and Competition Commission of Singapore. He also serves on the Board of Trustees of 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 Asia Pacific Breweries Ltd, the Asia Pacific Breweries Foundation and the Singapore Tourism Board, and is a director of Singapore Telecommunications Ltd and Fraser and Neave 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 Board director of SembCorp Marine Ltd, and is Chairman of the Board of Governors of Nanyang Polytechnic and Chairman of the Singapore Workforce Development Agency. Mr Tan began his career with the Singapore Technologies Group in 1981 as an engineer in its marine business, 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.

Boon Swan Foo, Director

Mr Boon Swan Foo joined the NOL Board in July 2008. He is a member of the NOL Board Executive Committee and Executive Resource and Compensation Committee. Mr Boon is the Executive Chairman of Exploit Technologies Private Limited, the strategic marketing and commercialisation arm of Singapore's Agency for Science, Technology and Research (A*STAR). He has held the positions of Managing Director of A*STAR (2002-06) and Deputy Chairman and Chief Executive of Singapore Technologies Engineering Ltd. Mr Boon currently serves on the boards of Shin Corporation Plc, China-Singapore Suzhou Industrial Park Development Co. Ltd, and several other private limited companies. He also acts as an Advisor to a range of corporations, including the roles of Senior Advisor to Temasek Holdings and Advisor to ST Engineering Ltd. Mr Boon is a member of Motorola Inc Research Visionary Board, a member of the Commercialisation Advisory Board, Imperial College (UK) and was previously a member of the Dean's Council of Harvard University's Kennedy School of Government. Mr Boon previously served as a member of the NOL Board of Directors between 2002 and 2003.

KEY EXECUTIVES' BIOGRAPHIES

The following information covering NOL Group's Key Executives is provided as required by Rule 1207(4)(b)(iii) of the SGX-ST Listing Manual.

Ronald Dean Widdows, Group President and Chief Executive Officer

Details for Executive Director Ronald Dean Widdows are provided on page 42 of this Annual Report.

Cedric Foo, Group Deputy President and Chief Financial Officer

Cedric Foo was appointed Group Deputy President in April 2005 and, additionally, Chief Financial Officer from January 2007. He oversees NOL Group's finance and corporate planning activities. Prior to re-joining NOL in 2005, Mr Foo was Singapore's Minister of State in 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 held various management positions. 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 is also 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.

Eng Aik Meng, President, Liner

Eng Aik Meng was appointed President of APL, NOL's container shipping business, in September 2008. Prior to rejoining the NOL Group, Mr Eng was with Singapore-headquartered shipping and industrial supply chain company IMC Corp Group as Deputy Chief Executive Officer and Managing Director of its Aurora Tankers business. Previously, from 1993 to 2007, he served with NOL in a variety of roles including as Senior Vice President of APL's Intra-Asia business and also headed NOL's Strategic Planning arm. Mr Eng first joined NOL as a management trainee. He holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University (NTU) and an MBA from Harvard University. He currently also serves on the Advisory Board of NTU.

Brian Lutt, President, Logistics

Brian Lutt was appointed President of Logistics in October 2005 and is responsible for the commercial, financial and operational activities of the NOL Group's logistics business globally. He joined APL in 1983 and has over 20 years' experience in Asia. Mr Lutt has held a range of senior management positions, including President, Asia/Middle East; President, Greater China and Senior Vice President of APL's Asia-Europe trade. Mr Lutt has also managed business units in South East and North Asia during his career, holding senior management positions in Singapore, Thailand and Japan. He holds a Bachelor's degree in International Relations/Political Economics from San Francisco State University. On 11 March 2009, NOL announced Mr Lutt's resignation to pursue another opportunity outside the NOL Group.

Steve Schollaert, President, Terminals

Steve Schollaert has been President of Terminals since August 2007 and has responsibility for the NOL Group's terminals business globally. He has been with the NOL Group since 1989. Prior to his current appointment, Mr. Schollaert was Vice President of APL's Asia-Europe trade from 2005 to 2007. He has held management positions across Asia, Europe and the Americas and has planning, commercial, operations, logistics and intermodal experience. He holds a Bachelor of Civil Engineering from Purdue University and a Master of Business Administration from Wharton Business School at the University of Pennsylvania.

Wu Choy Peng, Group Chief Information Officer

Wu Choy Peng joined the NOL Group as Group 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.

Goh Teik Poh, Group Chief Human Resources Officer

Goh Teik Poh was appointed Group Chief Human Resources Officer in January 2008. He is responsible for all aspects of human resource management across the NOL Group. Mr Goh has been with the NOL Group for 29 years and has held leadership roles in operations, country management and corporate planning. In his previous role as APL's Senior Vice President, Global Operations and Network, Mr Goh was responsible for network planning, equipment management, security and the environment, technical services and ship management. Mr Goh holds a Bachelor of Science from the University of Wales and a Master of Science from Northwestern University.

All of the above executives 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 leads NOL Group's businesses and operations across the Europe region and the former Soviet Union. Previously, he held senior roles in APL as President, Europe; Vice President, Sales and Marketing, Europe; and Vice President, Transatlantic trade. 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 in the US, UK and Ireland and the former Soviet Union. Mr Appleton holds a Bachelor of Science (Honours) 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 was appointed President, Americas in 2004 and leads NOL Group's businesses and operations in the US, Canada and Latin America. 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. He was Vice President and Managing Director for APL in Hong Kong and South China and has also served as Vice President, Liner Planning; Vice President, Worldwide Logistics; and Managing Director, West Asia. Mr Bowe holds a Bachelor's degree in Arts (Mathematics) from Hamilton College in New York. He is based in Oakland, California.

Kenneth Glenn, President, North Asia, NOL Group

Kenneth Glenn has been President, North Asia since January 2009. He leads NOL Group's businesses and operations across mainland China, Hong Kong, Macau, Taiwan, Japan and Korea. He was formerly President South Asia from August 2006 and, prior to that, Senior Vice President, South Asia and Managing Director India from October 2005. 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 over 30 years' experience in the shipping and maritime industry, during which he has lived in mainland China, the US, Hong Kong, UK, Russia, Singapore and India. He is based in Shanghai, China.

Jim McAdam, President, South Asia, NOL Group

Jim McAdam has been President, South Asia since January 2009, having formerly held the role of President, Asia/Middle East from September 2006. He leads NOL Group's businesses and operations across the ASEAN countries, Australasia, India, Pakistan, Sri Lanka, Bangladesh, Nepal, Afghanistan and the Middle East. Previously he was Senior Vice President Business Solutions, responsible for developing and implementing NOL's global supply chain capabilities. 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. Mr McAdam previously worked with APL from 1984 to 1996, holding positions in Japan, Thailand and the US. He has over 20 years' experience in the transportation and logistics industry, including more than 15 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 Singapore.

DIRECTORS' REMUNERATION

For the Financial Year Ended 26 December 2008

Remuneration for the Directors of the Company

	Fixed Pay		Variable Pay		Benefits	Total
	Fees	Annual Base Salary	Annual Cash Bonus	Equity Incentives		
Executive Directors	%	%	%	%	%	%
Between US\$1,600,000 to US\$1,749,999						
Ronald Dean Widdows	–	30	11	27	32	100
Between US\$400,000 to US\$549,999						
Thomas Held	–	95	–	–	5	100

	Fixed Pay		Variable Pay		Benefits	Total
	Fees	Annual Base Salary	Annual Cash Bonus	Equity Incentives		
Non-Executive Directors	US\$	US\$	US\$	US\$	US\$	US\$
Cheng Wai Keung (Chairman)	165,887	–	–	–	–	165,887
Friedbert Malt (Vice Chairman)	203,460	–	–	–	–	203,460
Ang Kong Hua (Vice Chairman)	32,261	–	–	–	–	32,261
Yasumasa Mizushima	30,804	–	–	–	–	30,804
James Connal Scotland Rankin	170,140	–	–	–	–	170,140
Robert Holland, Jr	126,896	–	–	–	–	126,896
Christopher Lau Loke Sam	101,375	–	–	–	–	101,375
Timothy Charles Harris	136,112	–	–	–	–	136,112
Peter Wagner	141,784	–	–	–	–	141,784
Bobby Chin Yoke Choong	92,659	–	–	–	–	92,659
Simon Claude Israel	80,108	–	–	–	–	80,108
Tan Pheng Hock	72,310	–	–	–	–	72,310
Boon Swan Foo	32,726	–	–	–	–	32,726

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

1. Variable Pay includes Annual Cash Bonus and Equity Incentives (Share Options and Performance Shares) that relate 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, using the full contractual life as an input into the model. No Performance Shares for the performance period from 29 December 2007 to 26 December 2008 will be awarded in 2009 as the prescribed financial target condition was not met during the performance period.
3. Benefits (including housing and allowances) are based on cost to the Group.
4. Termination/severance and redundancy costs are not included in Remuneration.
5. The fees for Non-Executive Directors ("NEDs") comprise basic Board fee and Board Committee/attendance fees, which were paid pursuant to shareholders' approval at the Company's Annual General Meeting on 16 April 2008. The fees relating to Simon Claude Israel and Tan Pheng Hock were paid to Temasek Holdings (Private) Limited and Singapore Technologies Engineering Ltd respectively. No Share Options were granted to NEDs for the financial year ended 26 December 2008.

KEY EXECUTIVES' REMUNERATION

For the Financial Year Ended 26 December 2008

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

For the Financial Year Ended 26 December 2008	Fixed Pay	Variable Pay		Expatriate Benefits	Other Benefits	Total
	Annual Base Salary	Annual Cash Bonus	Equity Incentives			
	%	%	%	%	%	%
Between US\$800,000 to US\$949,999						
Eng Aik Meng	11	2	17	–	70	100
Kenneth Glenn	32	8	12	38	10	100
Jim McAdam	34	9	11	29	17	100
Steve Schollaert	31	6	10	37	16	100
Between US\$1,100,000 to US\$1,249,999						
Daniel Ryan	23	4	8	55	10	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 Pay 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, using the full contractual life as an input into the model. No Performance Shares for the performance period from 29 December 2007 to 26 December 2008 will be awarded in 2009 as the prescribed financial target condition was not met during the performance period.
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. Termination/severance and redundancy costs are not included in Remuneration.