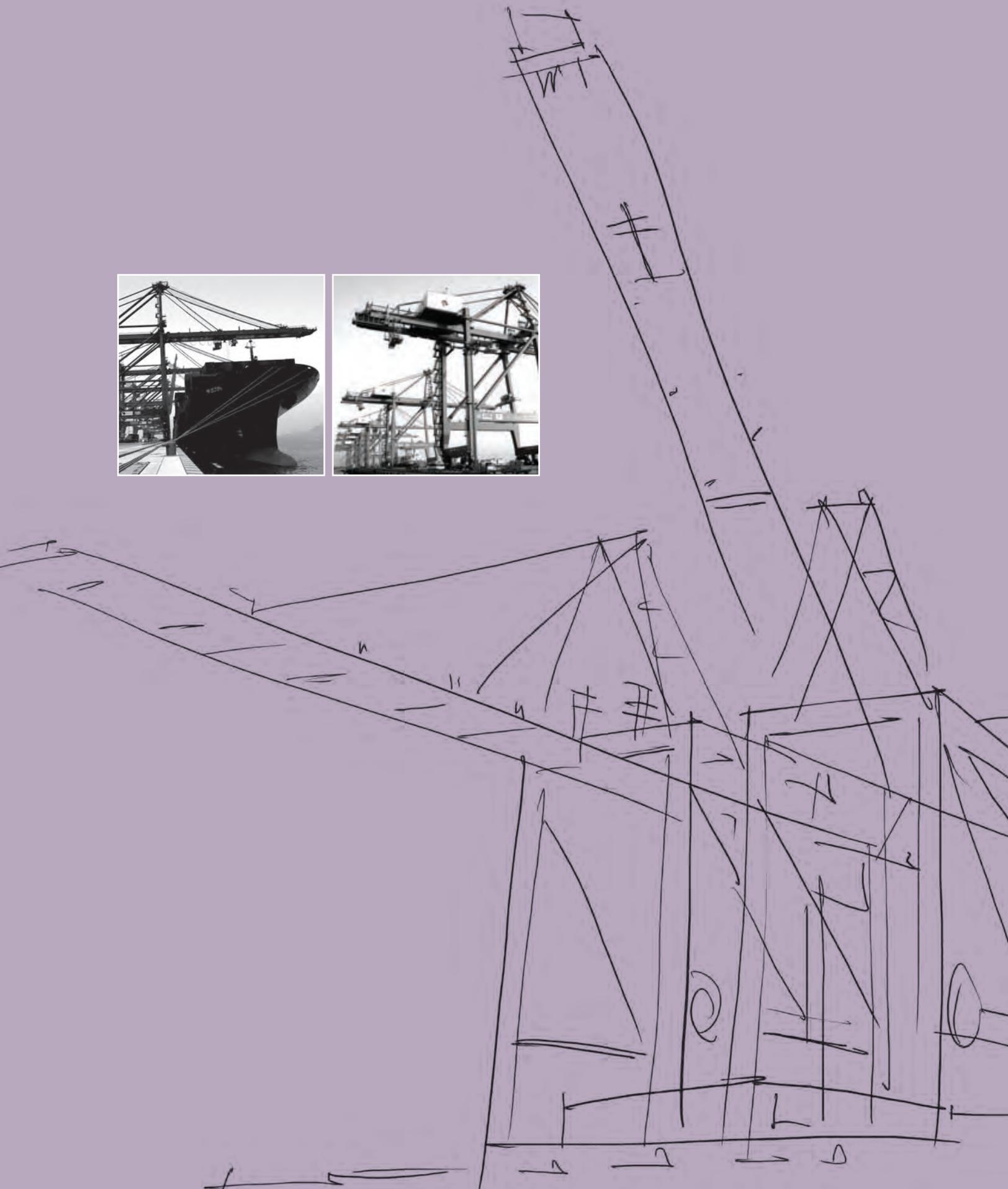


Modern Terminals

Modern Terminals is developing new container terminals in Pearl River Delta and Yangtze River Delta, as well as targeting other new projects along the China Coast. It is expected that by 2011, half of its throughput will be handled at existing investments in the Mainland.







Maersk Line

63

73

MAERSK



71

Balance Sheet (Extract)

As at 31 December 2007

	HK\$ Million
Fixed assets	11,480
Interest in associates / jointly controlled entities	4,310
Goodwill	297
Net current liabilities	(760)
Other non-current liabilities	(265)
Net business assets (before debt)*	15,062

* Modern Terminals has net debt of HK\$9,602 million, which is non-recourse to the Company and other subsidiaries of the Group.

Underpinned by buoyant export from South China, container throughput in the Pearl River Delta region grew by 14% during 2007, with Shenzhen terminals registering a growth rate of 19% and Hong Kong terminals 8%. Shenzhen's market share rose slightly from 52% (for 2006) to 55%, while Hong Kong's dropped from 48% to 45%.

For Modern Terminals, throughput in Hong Kong grew by 6% to 5.72 million TEUs during 2007, on the back of an increase in Intra-Asia services, to maintain a market share of 33.2% in Kwai Tsing. In Shenzhen, Chiwan Container Terminal, in which Modern Terminals holds an 8% attributable stake, handled 4.0 million TEUs and Shekou Container Terminals, in which Modern Terminals holds a 30%

stake (to be eventually diluted to 20% with the completion of the remainder of the entire facilities), handled 3.31 million TEUs.

Consolidated revenue and operating profit rose by 4% and 5% to HK\$3,213 million and HK\$1,829 million respectively.

With substantial consolidation in the container port industry in 2006, and having achieved the previous set of company growth targets, Modern Terminals reviewed its position within the new industry structure. This review confirmed Modern Terminals' strong positioning due to a number of key factors:

- Greater China remained the trade growth engine for the world.

- Modern Terminals focused on China and already had a foothold in the two largest manufacturing regions (Pearl River Delta and Yangtze River Delta) through investments in Chiwan Container Terminal and Shekou Container Terminals (both in Shenzhen), and new terminal projects in Taicang (Suzhou) and Dachan Bay (Shenzhen).

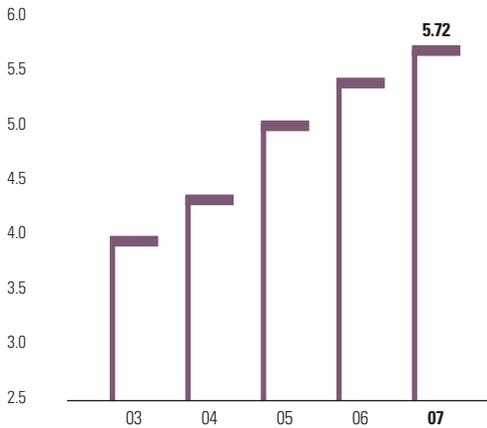
- Regional players were able to realise similar economic advantages to the newly consolidated global players and there were no scale disadvantages to strong regional players such as Modern Terminals.

Left: Modern Terminals' Hong Kong throughput grew to 5.72 million TEUs in 2007

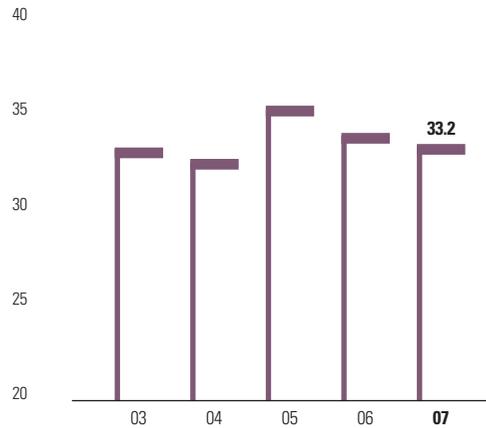
Right: Modern Terminals' market share in Kwai Tsing stands at 33.2%



Throughput (HK)
(Million TEUs)



Market Share (HK)
(%)



Confidence in Modern Terminals' position resulted in a raising of long-term growth targets and the establishment of a new vision, Vision 2015, to build the company for tomorrow. Vision 2015 states that:

Modern Terminals provides the physical gateway for the container and cargo flows that drive the development of China's economy and the prosperity and well-being of its people.

Modern Terminals is relentlessly driven by its uncompromising standards and recognised for our world-class people, container terminals and services. The company is cherished by customers and stakeholders as their preferred partner.

Modern Terminals' vision matches the growing needs of China's trade with the following targets:

- By 2010, building on Modern Terminals' successful operations in Hong Kong,

Dachan Bay and Taicang, it has secured significant terminal developments in the Mainland, ensuring continued strong growth. Its throughput and company value are doubled in comparison to 2005.

- By 2015, Modern Terminals would have expanded its presence in the Pearl and Yangtze River Deltas and has significant operations in the key growth regions of China, including the Bohai Gulf. Its throughput and company value are doubled in comparison to 2010.

Modern Terminals first acquired a 51% stake in Taicang Port (Phase 1) in 2004 and has since invested in a 70% stake in Taicang International Gateway and expanded the port from two to six container berths with a capacity of 3.5 million TEUs. Throughput has grown at a compound annual growth rate of over 75% since the original investment, rising to about one

million TEUs in 2007, which was 77% higher than a year earlier.

The most recent new port project, Da Chan Bay Terminal One in Shenzhen (65%-owned), was launched in December 2007 with two berths. Construction of the remaining three berths is on schedule for commissioning in 2008.

By 2011, Modern Terminals expects half of its container throughput to be handled at existing investments in the Mainland. In the last 18 months, the pipeline of development projects has been substantially strengthened. Strategic framework agreements have been signed with Dalian Port (PDA) Co., Ltd. and the Dalian Municipal Government (Liaoning) and Zhoushan Port Authority (Zhejiang). These agreements, along with further expansion at the existing terminals in Taicang and Dachan Bay, ensure that Modern Terminals can continue to expand and deliver its Vision 2015.