

## **Addendum to Shareholders dated 2 April 2009**

This Addendum is circulated to Shareholders of Wilmar International Limited (the **"Company"**) together with the Company's annual report. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval to renew the Shareholders' mandate for interested person transactions to be tabled at the Annual General Meeting to be held on Wednesday, 29 April 2009 at Banyan Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 at 10.00 a.m.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Addendum.



### **Wilmar International Limited**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199904785Z)

## **ADDENDUM IN RELATION TO THE DETAILS OF THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

## DEFINITIONS

In this Addendum, the following definitions shall apply unless the context otherwise requires:

**“approved exchange”:** a stock exchange that has rules which safeguard the interests of Shareholders against interested person transactions according to similar principles in Chapter 9 (as defined hereafter).

**“associate”:** in relation to an interested person who is a director, chief executive officer or controlling shareholder (being an individual), means:

- (i) his immediate family member (that is, the spouse, child, adopted child, step-child, sibling and parent) of such director, chief executive officer or controlling shareholder;
- (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more

and, in relation to a controlling shareholder (being a company), an “associate” means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

**“controlling shareholder”:** a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company (unless the SGX-ST determines that such person is not a controlling shareholder); or who in fact exercises control over the company.

**“CPO”:** Crude palm oil.

**“entity at risk”:**

- (i) the listed company;
- (ii) a subsidiary of the listed company that is not listed on SGX-ST or an approved exchange; or
- (iii) an associated company of the listed company that is not listed on SGX-ST or an approved exchange, provided that the listed company and its subsidiaries (the “listed group”) or the listed group and its interested person(s), has control over the associated company.

**“FFB”:** Fresh palm fruit bunches.

**“interested person transaction” or “IPT”:**

a transaction between an entity at risk and an interested person.

**“interested person”:**

a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

## **Entities**

**“ADM”:**

Archer Daniels Midland Company.

**“Company”:**

Wilmar International Limited.

**“Group”:**

The Company, together with its subsidiaries and/or associated companies.

**“WHPL”:**

Wilmar Holdings Pte Ltd (in members’ voluntary winding up).

**“WHPL Group”:**

WHPL, and such of its subsidiaries and associated companies that are not a part of the Group.

**“SGX-ST”:**

Singapore Exchange Securities Trading Limited.

**“Shareholders”:**

The registered holders of ordinary shares in the capital of the Company except where the registered holder is The Central Depository (Pte) Limited (“CDP”), the term “Shareholder” shall, in relation to such shares and where the context admits, mean the persons named as depositors in the depository register maintained by CDP and into whose securities accounts those shares are credited.

## ADDENDUM

### PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

#### 1. INTRODUCTION

##### 1.1 Chapter 9 of the Listing Manual of the SGX-ST (the "Listing Manual")

Chapter 9 of the Listing Manual ("Chapter 9") applies to transactions entered or to be entered into by a party that is an entity at risk and a counterparty that is an interested person. The objective of Chapter 9 (as stated in Rule 901 of the Listing Manual) is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its Shareholders.

##### 1.2 Materiality thresholds, announcement requirements, and Shareholders' approval

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company or its Shareholders at risk to its interested person and are hence excluded from the ambit of Chapter 9, an immediate announcement, or, immediate announcement and Shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed group's latest audited net tangible assets ("NTA")) are reached or exceeded.

In particular, Shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

1.2.1 5% of the listed group's latest audited NTA; or

1.2.2 5% of the listed group's latest audited NTA, when aggregated with the values of other transactions entered into with the same interested person during the same financial year.

##### 1.3 Shareholders' general mandate

Chapter 9 allows a listed company to seek a general mandate from its Shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's interested persons, including the purchase and sale of supplies and materials, but not for the purchase or sale of assets, undertakings or businesses.

## **2. PROPOSED RENEWAL OF IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS**

### **2.1 Existing IPT Mandate**

On 29 April 2008, the Company obtained approval from its Shareholders for the renewal of the mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the specific classes of person who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual ("IPT Mandate"). Particulars of the IPT Mandate are set out in the Company's Addendum to Shareholders dated 14 April 2008.

At the said Annual General Meeting of the Company held on 29 April 2008, the Shareholders approved the renewal of the IPT Mandate for the Company, its subsidiaries and associated companies to enter into certain types of transactions with interested persons, to take effect until the forthcoming Annual General Meeting of the Company.

The Company is seeking to renew the existing IPT Mandate at the forthcoming Annual General Meeting of the Company. Particulars of the existing IPT Mandate are set out in the following paragraph 3.

## **3. THE IPT MANDATE**

### **3.1 Scope of the IPT Mandate**

The IPT Mandate will cover a wide range of transactions arising in the normal course of business operations of the Company, its subsidiaries that are not listed on SGX-ST or an approved exchange, and its associated companies that are not listed on SGX-ST or an approved exchange, provided that the Company and its subsidiaries, or the Company, its subsidiaries and its interested person(s), have control over the associated company ("Wilmar Group"), that are entered into with certain classes of interested persons.

The IPT Mandate will not cover any transaction with an Interested Person which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 would not apply to such transactions.

Transactions with interested persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the IPT Mandate are not separately subject to Rules 905 and 906 of Chapter 9 pertaining to threshold and aggregation requirements.

### **3.2 Duration of the IPT Mandate**

The IPT Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto at the forthcoming Annual General Meeting and will continue in force until the next Annual General Meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the interested person transactions.

### **3.3 Classes of Interested Persons**

The IPT Mandate will apply to transactions (as described below) with the following persons ("Interested Person"):

- (1) ADM and its associates;
- (2) WHPL and its associates (outside the Group); and
- (3) Any member (that may be appointed from time to time) of the Board of Directors and Chief Executive Officer of the Company and their respective associates.

Transactions with interested persons that do not fall within the ambit of the IPT Mandate shall be subject to the provisions of Chapter 9.

### **3.4 Categories of Interested Person Transactions**

The following transactions with the Interested Persons (the "Mandated Transactions") are in connection with the provision to, or the obtaining from, these persons of products and services in the Group's normal course of business or which are necessary for its day-to-day operations:

- (1) sale of palm oil and lauric products, soya bean, soya bean oil and other edible oils;
- (2) purchase of materials such as FFB, CPO, soya bean, coal and other materials;
- (3) the payment of advances for purchases of products and materials;
- (4) the provision of office premises, storage facilities, transport and logistics services and brokerage services;
- (5) the rental / lease of land;
- (6) provision of loans and guarantees;
- (7) the entry into of licence agreements or arrangements for the use of trade names and logos;
- (8) payment of technical consultation and other professional fees; and
- (9) the transactions and agreements described in Sections 14.1(d) (in respect of the annual payment of the technical consultation fee), 14.2 and 14.3 of the Circular dated 10 June 2006 issued by the Company.

#### 4. REVIEW PROCEDURES

The Company has in place an internal control system to ensure that transactions with interested persons are made on normal commercial terms consistent with its usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to non-Interested Persons, and are not prejudicial to the interests of the Company and the minority Shareholders. In particular:

- (1) When supplying items or services to an Interested Person, the sale price or fee, and the terms, of at least two latest successful sale or supply of a similar nature to non-Interested Persons will be used for comparison. The sale price or fee for the supply of goods or services shall not be lower than the lowest sale price or fee of these other transactions (of a similar nature) with non-Interested Persons;
- (2) When purchasing items from or engaging the services of an Interested Person, at least two latest successful purchases or quotations for the purchase or provision of same or similar items or services from non-Interested Persons will be obtained (where available) for comparison. The purchase price or fee shall not be higher than the most competitive price or fee of these other transactions (of a similar nature) with non-Interested Persons. In determining the most competitive price or fee, non-price factors, including but not limited to quality, delivery time, and track record will be taken into account;
- (3) When obtaining or providing loans, the Audit Committee's approval in respect thereof shall be required and the Audit Committee shall ensure that the interest rate quoted and other salient terms are no less favourable than that given by bona fide third party lenders or the prevailing market rate or terms. In the event that a director of the Company is interested in any such Mandated Transaction, that director will abstain from approving that particular transaction;
- (4) When giving guarantees, credit support or entering into licensing agreements, the Audit Committee will review and approve the terms thereof to ensure that it is not prejudicial to the interests of the Company and the minority Shareholders. In the event that a director of the Company is interested in any such Mandated Transaction, that director will abstain from approving that particular transaction;
- (5) When renting properties from or to an Interested Person, the Audit Committee shall take appropriate steps to ensure that such rent commensurates with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties (in terms of area and location) and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The rent payable or to be received shall be based on the most competitive market rental rate of similar properties (in terms of area and location), based on the results of the relevant enquiries. When it is not possible to obtain or establish the prevailing market rates through the methods described above, the matter will be referred to the Audit Committee and the Audit Committee will determine whether the rental fees to be paid or received are fair and reasonable and consistent with the Group's usual business practices; and

- (6) For shared services, a fee shall be charged to the Interested Person based on the time cost charges of the employees involved and an agreed mark up, in accordance with the terms of the agreement. Where the time spent exceeds that set out in the agreement, additional charges would be applicable, based on the actual excess time spent.

For (1) and (2) above, in the event that it is not possible for appropriate information (for comparative purposes) to be obtained, the respective heads of the finance department in Indonesia, Malaysia or Singapore (where applicable) of the Group (with no interest, direct or indirect, in the Mandated Transaction), will determine whether the price, fees and/or the other terms offered by the Interested Persons are fair and reasonable. In so determining, that head of the finance department will consider whether the price, fees and/or other terms is in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length and on normal commercial terms. In respect of the fees payable for the Group's assistance given to WHPL in the sourcing, hedging, chartering and risk management in relation to soya bean and soya bean meal, the Audit Committee will review the terms, including the fee payable, thereunder annually to ensure that it is reflective of the value of the services provided and the terms are on an arm's length basis.

Additionally, and in respect of all transactions that are trade in nature between the Group and WHPL Group, Mr Chua Phuay Hee, an executive director (finance and corporate services) of WHPL will not be involved in any way whatsoever in making any recommendation of or approving such transactions for the Group. Ms Sng Miow Ching will evaluate and/or approve such transactions for the Group, subject always to the overall supervision of the Audit Committee.

Further, in respect of other transactions regarded as interested person transactions (within the meaning of the Listing Manual), a person regarded as independent of the transaction by the Audit Committee will be appointed to review and approve such transaction.

The Company shall monitor the transactions with Interested Persons entered into by the Group and categorise these transactions as follows:

- (i) a Category 1 Mandated Transaction is one where the value thereof is in excess of 5% of the NTA of the Group; and
- (ii) a Category 2 Mandated Transaction is one where the value thereof is below or equal to 5% of the NTA of the Group.

All Category 1 Mandated Transactions must be approved by the Audit Committee prior to its entry. Category 2 Mandated Transactions need not be approved by the Audit Committee prior to its entry but shall be reviewed and reported upon by the internal auditor of the Group on a quarterly basis and such report shall be reviewed by the Audit Committee upon receipt. In its review of each quarterly report, the Audit Committee will also review the payment terms, payment period(s) and settlement of the transactions in respect thereof to ensure that they are not prejudicial to the interests of the Company and the minority Shareholders. The internal auditor shall also, in its report to the Audit Committee, report whether such Mandated Transactions were carried out in accordance with the abovesaid internal control procedures. The internal auditor of the Company, and Audit Committee (independent of the internal auditor), where either of it deems fit or necessary, may carry out additional reviews.

The Company will maintain a register of Interested Persons. This register will be updated monthly and will be sent to a designated person in the Plantation and Refinery division of the Group as well as a designated person in each member of the Group. The purpose of this register is to enable that designated person to identify the Interested Persons so as to facilitate the recording of all Mandated Transactions excluding those below S\$100,000, in accordance with Chapter 9. The Company will also maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into).

On a monthly basis, the designated person in each member of the Group will submit details of all Mandated Transactions, including the value in respect thereof, (excluding those below S\$100,000, in accordance with Chapter 9) entered into during the previous calendar month to the designated person in the Plantation and Refinery division of the Group, who will then transmit that information to the designated person in the Company. A “nil” return is required if there is no such transactions for the previous calendar month. The Group’s internal audit plan will also incorporate a review of the transactions entered into in the relevant financial year pursuant to the IPT Mandate.

If during the periodic reviews, the Audit Committee is of the view that the internal control procedures as stated above are not sufficient to ensure that the Mandated Transactions will be conducted on an arm’s length basis and on normal commercial terms and may be prejudicial to the interests of the Company and the minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new guidelines and review procedures.

In the event that a member of the Audit Committee is interested in any of the Mandated Transactions, that member will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the remaining members of the Audit Committee.

The Audit Committee will also review the transactions with interested persons periodically and ensure that the prevailing rules of the SGX-ST (in particular, Chapter 9) are complied with.

## **5. RATIONALE FOR AND BENEFITS OF THE IPT MANDATE**

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the IPT Mandate to enter into the Mandated Transactions, provided that all such transactions are carried out on normal commercial terms. The IPT Mandate (if approved) will eliminate, among others, the need for the Company to convene separate general meetings on each occasion to seek its Shareholders' approval as and when potential transactions with interested persons arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising its corporate objectives and adversely affecting its business opportunities.

The Mandated Transactions are entered into or, are to be entered into, by the Group in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.

Sales to the Interested Persons represent an additional source of revenue for the Group. With regard to purchases, the Group will benefit from having access to quotations from the Interested Persons, in addition to obtaining quotations from third parties, and with the various quotations available for assessment, this will ensure that the Group obtains competitive prices for goods and services of similar quality and specifications. The Group will benefit from the familiarity that the Interested Persons possess in relation to the specifications and requirements that it requires for such goods and services, built on its mutual course of dealing over the years. This gives the Group assurance that the quality of goods and services provided by the Interested Persons would meet its requirements and standards. The terms that the Group extends to the Interested Persons (both for sales, as well as purchases) will not be more favourable than that which it extends to non-Interested Persons.

## **6. DISCLOSURE IN ANNUAL REPORTS AND ANNOUNCEMENTS OF RESULTS**

Disclosure will be made in the Company's annual report on the aggregate value of transactions with Interested Persons conducted pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force.

## **7. AUDIT COMMITTEE'S STATEMENT**

The Audit Committee of the Company, having considered the scope, rationale for and benefit of, and the compliance and review procedures of the IPT Mandate, confirms that (i) the methods and procedures for determining transaction prices of Interested Person Transactions as set out in paragraph 4 above, have not changed since the last Shareholders' approval on 29 April 2008; and (ii) the methods and procedures in (i) above are sufficient to ensure that such Interested Person Transactions will be carried out on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders.

## **8. DIRECTORS' RECOMMENDATION**

The Directors of the Company (other than the Interested Directors as stated below) have considered the scope, rationale for and benefit of, the compliance and review procedures of the IPT Mandate and the statement of the Audit Committee in respect thereof, and believe that the renewal of the IPT Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 10 relating to the IPT Mandate as set out in the Notice of Annual General Meeting.

The Interested Directors, being Mr Kuok Khoon Hong and Mr Martua Sitorus, have abstained from making any recommendation on the renewal of the IPT Mandate. Each of them has also undertaken to ensure that his associates will abstain from voting on the said resolution at the Annual General Meeting. Archer Daniels Midland Asia-Pacific Limited and WHPL, which are Interested Persons, together with their associates, will abstain from voting on the Resolution on the IPT mandate at the Annual General Meeting.

In the event that the compliance and review procedures of the IPT Mandate become inappropriate, the Company will seek the approval of Shareholders in general meeting for a fresh mandate based on new guidelines and/or review procedures.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Addendum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Addendum are fair and accurate in all material respects, and that there are no material facts the omission of which would make any statements in this Addendum misleading in any material respect.

## **10. GENERAL**

SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Addendum.

Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

If a Shareholder has sold or transferred all his shares in the capital of the Company, the Shareholder should immediately forward this Addendum, the Annual Report (together with the Notice of Annual General Meeting and the attached Proxy Form) to the purchaser or transferee, bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

## **11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Directors' and substantial shareholders' interests in the shares of the Company are presented in the "Directors' Report" section and "Statistics of Shareholdings" section of the Company's annual report respectively.

