

Corporate Governance

The Company is fully committed to maintaining high standards of corporate governance in accordance with the principles set out in the Code of Corporate Governance 2005 (Code) and the guidelines contained in the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. This report sets out the practices adopted by the Company.

PRINCIPLE I

The Board's Conduct of its Affairs

The Board sets the overall business direction of the Group, with particular focus on business expansion and synergies. The Board reviews the strategic plans, business development proposals and risk management policies of the Group directly or through the respective committees. The Board manages the Group in the best interest of shareholders as well as the interest of other stakeholders and pursues the continual enhancement of the long-term shareholder value.

Apart from its statutory responsibilities, the Board is primarily responsible for:

- Reviewing and approving the Group's business strategies, key operational initiatives, major investment and funding decisions;
- Ensuring that decisions and investments are consistent with medium and long-term strategic goals; and
- Providing oversight by identifying the principal risks that may affect the Group's businesses and ensuring that appropriate systems to manage these risks are in place.

The Board had convened four meetings during the financial year. As provided in the Company's Articles of Association, directors may convene Board meetings by teleconferencing and videoconferencing. To assist the Board in executing its duties, the Board has delegated specific functions to the following Board committees:

1. Executive Committee

The Executive Committee (Exco) manages the business operations of the Group within the parameters prescribed in its terms of reference approved by the Board. The Board has revised the terms of reference to enable the Exco to effectively manage the enlarged Group following the completion of the major merger and acquisition exercises in mid 2007 (Merger). The members of the Exco are Mr Kuok Khoon Hong (Chairman), Mr Martua Sitorus, Mr Kwok Kian Hai, Mr Chua Phuay Hee and Mr Teo Kim Yong, all of whom are Executive Directors of the Company.

In addition to the above, the Exco is tasked with the oversight of the Senior Management's delegated responsibility in the following functions:

- Drawing up the Group's annual budget and business plan for the Board's approval;
- Carrying through business strategies as approved in the annual budget and business plan;
- Implementing appropriate systems of internal accounting and other controls;
- Adopting suitably competitive human resource practices and compensation policies; and
- Ensuring that the Group operates within the approved budgets.

The Exco meets on an informal basis and all decisions are placed on record by written resolutions.

2. Audit Committee

The Audit Committee (AC) comprises three Independent Directors, Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang. As part of the Company's corporate governance practices, all Directors are invited to attend all AC meetings. The AC meets at least four times annually. Details of functions of the AC are found in Principle 11 of this report.

3. Risk Management Committee

The Risk Management Committee (RMC), is chaired by Mr Yeo Teng Yang, the Lead Independent Director, with Mr Kuok Khoon Hong and Mr Leong Horn Kee as members. The RMC meets no less than four times a year. RMC also conducts informal meetings to review reports that require in-depth discussions.

One of the principal tasks of the RMC is to review, on a regular basis, policies and guidelines in relation to effective risk management as well as risk reports that monitor and control risk exposures. In carrying out its duties, the RMC is assisted by the Executive Risk Committee (ERC). The ERC reviews the trade positions and the limits to manage overall risk exposure and is thus responsible for monitoring the overall effectiveness of the Group's risk management system. The members of the ERC are Mr Kuok Khoon Hong, Mr Martua Sitorus, Mr Chua Phuay Hee and Mr Teo Kim Yong.

The risk management policies for the Group have been reviewed and re-aligned to better manage the risk profile of the enlarged entity following the completion of the Merger.

4. Nominating Committee

The Nominating Committee (NC) comprises three Directors, a majority of whom including the Chairman, are Independent Directors. The members are Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Hong and Mr Tay Kah Chye. The NC has written terms of reference that describe the responsibilities of its members. The NC meets at least once a year.

5. Remuneration Committee

The Remuneration Committee (RC) comprises Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee, a majority of whom are Independent Directors. Details of the role of RC are set out in Principle 7 of this report.

Corporate Governance

The Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2007 is set out as follows:

	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
No. of meetings held	4	4	4	1	1
Name of Director	Attendance	Member Attendance	Member Attendance	Member Attendance	Member Attendance
Executive Directors					
Kuok Khoon Hong (Note 1)	4/4	NA	4/4	1/1	1/1
Martua Sitorus	4/4	NA	NA	NA	NA
Kwok Kian Hai (Note 2)	2/4	NA	NA	NA	NA
Chua Phuay Hee	4/4	NA	NA	NA	NA
Teo Kim Yong	4/4	NA	NA	NA	NA
Lee Hock Kuan (Note 2)	2/4	NA	NA	NA	NA
Non-Executive Directors					
Kuok Khoon Ean (Note 3)	2/4	NA	NA	NA	NA
William Henry Camp (Note 4)	2/4	NA	NA	NA	NA
Yu Hung Yen, Stephen – alternate to William Henry Camp (Note 5)	1/4	NA	NA	NA	NA
Independent Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	NA
Leong Horn Kee	4/4	NA	4/4	1/1	NA
Tay Kah Chye	4/4	4/4	NA	NA	1/1
Kwah Thiam Hock	4/4	4/4	NA	1/1	1/1

Note 1: Mr Kuok Khoon Hong stepped down as a RC member on 2 July 2007.

Note 2: Mr Kwok Kian Hai and Mr Lee Hock Kuan attended all Board meetings since their appointment as Executive Directors of the Company on 2 July 2007.

Note 3: Mr Kuok Khoon Ean, a nominee of Kuok group of companies, was appointed a Non-Executive Director and a RC member on 2 July 2007. Mr Kuok attended all Board meetings since his appointment.

Note 4: Mr William Henry Camp, a nominee of Archer Daniels Midland Company, has resigned on 31 December 2007. Mr John Daniel Rice was appointed a Non-Executive Director on 1 January 2008 in place of Mr Camp.

Note 5: Mr Yu, an alternate director to Mr Camp, was authorized to attend Board meetings in his absence. He resigned on 31 October 2007.

The Company arranges its legal advisors to brief all newly appointed Directors on their duties and obligations. In addition, the Senior Management regularly briefs and familiarises Directors on the business activities of the Company. Directors are also given the opportunity to visit the Group's operational facilities and meet with the Management to gain better understanding and update of the Group's business operations.

PRINCIPLE 2

Board Composition and Guidance

The Board currently has twelve members comprising six Executive Directors and six Non-Executive Directors of whom four (representing one third of the Board composition) are considered Independent. The criterion of "Independence" is based on the guidelines under the Code. The Board considers an "Independent" director as one who has no relationship with the Group which may interfere with the exercise of the directors' independent judgment of the Group's affairs. The Board is of the view that it is able to exercise independent judgment on the Group's business operations and provide the Senior Management with an objective perspective on issues.

The Board is made up of Directors with a wide range of skills, experience and qualifications in the fields of operations, financial and risk management. Key information about the Directors is presented in the section entitled "Board of Directors" in this annual report.

The composition and the effectiveness of the Board are reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience to fulfill its duties.

The Board is of the view that the current board size complies with the Code and that its size is effective, taking into account the scale and nature of the operations of the Group.

PRINCIPLE 3

Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer (CEO), Mr Kuok Khoon Hong, with strong leadership and vision, has taken the Group to new heights in its global business expansion through the acquisition of related businesses in 2007. Mr Kuok is instrumental in growing the business of the Group into one of Asia's largest agribusiness group. He is overall in-charge of the management and strategic operations of the Group and all strategic and major decisions made by him are reviewed and approved by the Board.

The Chairman and CEO leads the Board and ensures that the Directors receive adequate and timely information to enable them to be fully cognizant of the affairs of the Group. He fosters effective communication and solicits contributions from the Board members to facilitate discussions on matters to be approved by the Board.

The roles of the Chairman and CEO are not separate as there is adequate accountability and transparency as reflected by internal controls established within the Group. The single leadership structure ensures that decision-making process for seizing good growth prospects for the Group would not be unnecessarily impeded. With Mr Yeo Teng Yang's role as the Lead Independent Director, who avails himself to address shareholders' concerns and acts as a counter balance to the decision making process, the Board is of the view that there is sufficient independence in its exercise of objective judgment on business affairs of the Group.

PRINCIPLE 4

Board Membership

The principal functions of the NC are as follows:

1. To review nominations of new director appointments based on selection criterion such as the incumbent's credentials and his skills and contributions required by the Company.
2. To review and recommend to the Board the re-election of directors in accordance with the Company's Articles of Association.
3. To determine annually whether a director is "Independent", guided by the independent guidelines contained in the Code.
4. To decide whether a director is able to and has adequately carried out his duties as a director of the Company, in particular whether the directors concerned have multiple board representations or if they are in conflict with the interests of the Company.
5. To decide how the Board's performance may be evaluated and propose objective performance criteria.

Board appointments during the year were approved by way of written resolutions based on the recommendation of the NC.

Corporate Governance

During the financial year, the Board has upon the recommendation of the NC appointed three new Directors following the completion of the acquisition of various related business groups and a new Director in place of another Director who has resigned.

Under the Articles of Association of the Company, one third of the directors, except for the Managing Director (or any equivalent appointment, howsoever described), are required to retire by rotation at least once every three years and are subject to re-election by the shareholders at the annual general meeting (AGM). Newly appointed directors will hold office only until the AGM following their appointments and they will be eligible for re-election. Such directors are not taken into account in determining the number of directors who are to retire by rotation.

Messrs Martua Sitorus, Chua Phuay Hee and Teo Kim Yong who are retiring by rotation in accordance with Article 104 have been nominated for re-election at the forthcoming AGM.

Messrs Kuok Khoon Ean, Kwok Kian Hai, Lee Hock Kuan and John Daniel Rice, who were appointed as Directors after the last AGM, have submitted themselves for re-election at the forthcoming AGM.

The NC is satisfied that the four Directors, namely Messrs Yeo Teng Yang, Leong Horn Kee, Tay Kah Chye and Kwah Thiam Hock have no existing relationships with the Group and are considered independent in accordance with the guidelines under the Code.

The NC is of the view that although some Directors have other board representations, they are able to and have adequately carried out their duties as Directors of the Company.

PRINCIPLE 5 **Board Performance**

The NC assesses the Board's performance as a whole based on objective performance criteria annually. In appraising the Board's effectiveness, the evaluation is based on factors

including the Board's understanding on the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on important, critical and major corporate matters. The collated findings are reported and recommendations are made to the Board for consideration and for further improvements to help the Board to discharge its duties more effectively.

Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors for the current year are based on their attendance and contributions made at these meetings.

PRINCIPLE 6 **Access to Information**

The Board is informed of all material events and transactions as and when they occur. All analysts' and media reports on the Group are forwarded to the Directors on an on-going basis.

The Board has separate, independent and unrestricted access to the Senior Management of the Group at all times. Requests for information from the Board are dealt with promptly by the Senior Management.

The Board is provided with complete, adequate and timely information prior to Board meetings. The Company Secretary attends all Board meetings and is responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary works together with the management staff of the Company to ensure the Company complies with all relevant rules and regulations.

PRINCIPLE 7 **Procedures for Developing Remuneration Policies**

The RC has been delegated the authority to review and recommend to the Board on remuneration policies and packages for the Directors and key executives of the Group. The aim is to build capable and committed management teams, through competitive compensation, focused

management, and progressive policies which can attract, motivate and retain a pool of talented executives to meet the current and future growth of the Company. It is also responsible for the administration of the Company's Share Option Scheme which was established on 30 June 2000 in accordance with the rules as approved by shareholders. In discharging their duties, the members have access to advice from the human resources department and external advisors as and when it deems necessary. To ensure that the remuneration package is competitive and sufficient to attract, retain and motivate key executives, the RC also

takes into consideration industry practices and norms in the compensation review.

PRINCIPLES 8 & 9 Level and Mix of Remuneration & Disclosure on Remuneration

Remuneration of Directors

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2007 is as follows:

Name of Directors	Directors' Fee (%)	Salary (%)	Benefits (%)	Variable Bonus (%)	Total (%)	Remuneration Band
Executive Directors						
Kuok Khoon Hong	Nil	30%	2%	68%	100%	S\$1,500,000 to S\$1,750,000
Martua Sitorus	Nil	30%	–	70%	100%	S\$1,500,000 to S\$1,750,000
Teo Kim Yong*	Nil	46%	2%	52%	100%	S\$ 750,000 to S\$1,000,000
Chua Phuay Hee*	Nil	49%	–	51%	100%	S\$ 750,000 to S\$1,000,000
Kwok Kian Hai	Nil	85%	1%	14%	100%	S\$ 500,000 to S\$ 750,000
Lee Hock Kuan*	Nil	85%	1%	14%	100%	S\$ 500,000 to S\$ 750,000
Non-Executive Directors						
Kuok Khoon Ean	Nil	–	–	–	–	Not applicable
William Henry Camp	Nil	–	–	–	–	Not applicable
Yu Hung Yen, Stephen	Nil	–	–	–	–	Not applicable
Independent Non-Executive Directors						
Yeo Teng Yang	100%	–	–	–	100%	S\$250,000 and below
Leong Horn Kee	100%	–	–	–	100%	S\$250,000 and below
Tay Kah Chye	100%	–	–	–	100%	S\$250,000 and below
Kwah Thiam Hock	100%	–	–	–	100%	S\$250,000 and below

Note *On 7 December 2007, Wilmar Holdings Pte Ltd, a controlling shareholder of the Company, awarded a one-time grant of Wilmar International Limited shares (shares) to employees, including Mr Teo Kim Yong (1,000,000 shares), Mr Chua Phuay Hee (250,000 shares) and Mr Lee Hock Kuan (75,000 shares), for their past contributions to the Wilmar Group. The shares were granted at a consideration price of S\$0.50 per share and the closing price of the shares quoted on the Singapore Exchange on 7 December 2007 was S\$4.58.

Corporate Governance

Directors' fees in respect of the financial year ended 31 December 2007 are subject to approval by shareholders at the forthcoming AGM.

No employee of the Group who is an immediate family member of a Director was paid a remuneration that exceeded S\$150,000 during the financial year ended 31 December 2007.

Remuneration of Key Executives

The remuneration of the Company's top five key executives takes into account the pay and employment conditions within the industry and is performance-related. The Company is of the opinion that it is not in the best interest of the Company to disclose the details of their remuneration due to the competitiveness of the industry for key talent.

PRINCIPLE 10

Accountability of the Board and Management

The Board is responsible to shareholders, public and the regulatory authorities in providing a balance and comprehensive assessment of the Group's performance and prospects. The Management is accountable to the Board and presents to the Board the Group's financial results and the AC for review and approval. Both the Board and the Management will continually strive towards delivering maximum sustainable value to the shareholders of the Company.

Shareholders are provided with quarterly results available through the SGX-ST website and the Company's latest events and information are posted on its website.

PRINCIPLE 11

Audit Committee

The operations of the AC are regulated by its charter. The Board is of the opinion that the members of the AC have sufficient accounting, financial, management expertise or experience to discharge their duties.

The members of the AC perform the following functions:

- To review the criteria for the appointment of a professional public accounting firm as the external auditors to the Company;
- To review with the external auditors, their evaluation of the system of internal accounting controls;
- To review and approve, the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;
- To review with the external auditors, their audit report, findings and recommendations. Where the external auditor also supply a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the independence of the auditors;
- To review and approve the financial statements of the Company and the consolidated financial statements of the Group for submission to the Board of Directors for approval;
- To review the assistance given by the Company's officers to the external auditors;
- To nominate external auditors for re-appointment;
- To ensure that the internal audit function is adequately resourced and has appropriate standing within the Group. For the avoidance of doubt, the internal audit function can be either in-house, outsourced to a reputable accounting/auditing third-party firm or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
- To review the scope and results of the internal audit procedures;
- To ensure the adequacy of the audit function annually;
- To ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management is conducted annually;
- To review interested person transactions; and
- To meet with the external and internal auditors without the presence of the Management at least once a year.

The AC has explicit authority to investigate any matters within the scope of its duties, and power to obtain independent professional advice. It has been given full access to and co-operation by the Management and reasonable resources to discharge its duties properly and full discretion to invite other directors or executives to attend its meetings.

During the financial year, the AC met four times to review, inter alia, the following:

- The financial statements of the Company and the Group before each of the announcements of the Company's quarterly results. During the process, the AC reviewed, among other things, the key areas of management judgment applied for adequate provision and disclosure, critical accounting policies and any significant changes made that would have an impact on the financials;
- The external auditors' plans for the purpose of discussing the scope of the audit and reporting obligations before the audit commences. All significant audit findings and recommendations made by the external auditors were discussed, and where appropriate, implementation of such recommendations were followed up with the Management;
- The independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the nature and volume of non-audit services provided by them. The AC is satisfied that such services do not affect the independence or objectivity of the external auditors;
- The internal audit findings raised by the internal auditors. During the process, material non-compliance and internal control weaknesses were reviewed and discussed. The AC ensured that appropriate follow-up actions had been taken regularly with the Management on outstanding internal audit issues;
- The reporting on Interested Person Transactions to ensure that current procedures for monitoring of Interested Person Transactions had been complied with. These transactions are reviewed quarterly with the internal auditors and annually with the external auditors. The

AC is satisfied that the guidelines and review procedures established to monitor Interested Person Transactions have been complied with; and

- The risk management procedures and findings on the risk management audit conducted by Deloitte & Touche Enterprise Risk Services Pte Ltd in relation to the new businesses acquired by the Company through the Merger.

The AC has recommended to the Board the re-appointment of Ernst & Young as the Company's external auditors at the forthcoming AGM.

PRINCIPLES 12 & 13 **Internal Controls and Audit**

Reporting to the AC, the internal audit department carried out internal audit reviews and performed checks and compliance tests of the Group's systems of internal control, including financial and operational controls and risk management. Ad-hoc reviews are also conducted on areas of concern identified by the Management and the AC.

The internal audit department, headed by Mr Patrick Tan, has unrestricted access to all records, properties, functions and co-operation from Management and staff as necessary to effectively discharge its responsibilities, and is independent of the activities it audits.

The Board is of the view that the Group currently has an adequate internal control system in place to provide reasonable but not absolute assurance that there are no material loss or financial misstatement, assets are safeguarded, proper accounting records are maintained, and financial information used with the business and for publication is reliable. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Corporate Governance

PRINCIPLES 14 & 15

Communication with Shareholders

The Board's policy is that all shareholders should be equally informed of all major developments impacting the Group. All shareholders of the Company are entitled to receive annual reports and notices of general meetings. Shareholders are given the opportunity to voice their views and ask Directors questions regarding the Company.

Regular updates on information about the Company are released through the SGX network.

DEALINGS IN SECURITIES

The Group has in place procedures for prohibiting dealings in the Company's shares by all staff while in possession

of price sensitive information and during the period commencing two weeks prior to the announcement of the Company's quarterly results and one month prior to the announcement of the Company's full year results. Directors and executives are also expected to observe insider-trading laws at all times even when dealing in securities during the permitted trading period.

INTERESTED PERSON TRANSACTIONS

The Group has established a procedure for recording and reporting Interested Person Transactions. Details of significant interested person transactions for the financial year ended 31 December 2007 are set out below:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	FY2007 US\$'000	FY2007 US\$'000
Archer Daniels Midland Group	9,600	3,568,118
Wilmar International Holdings Limited	NIL	895
Wilmar Holdings Pte Ltd Group	NIL	1,453,791
Kuok Khoon Ean's Associates	19,278	NIL
Martua Sitorus' Associates	540	37,544
Kuok Khoon Hong's Associates	193	241
PPB Group	14,286	NIL

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting entered into since the end of the previous financial year ended 31 December 2006.