

Chairman's Message

In 2023, the global economy faced challenges due to persistent inflation and ongoing geopolitical tensions. The Russia-Ukraine conflict entered into its second year, while escalating tensions between Israel and Hamas added to the geopolitical uncertainty. The reopening of the Black Sea route provided some relief by increasing the supplies of grains and foodstuffs, but the attacks on vessels in the Red Sea created another global supply chain disruption. In response to rising inflation, the US Federal Reserve continued its most aggressive pace of monetary policy tightening since the 1980s. Looking ahead to 2024, multiple elections are scheduled across the globe including in the US, India, Indonesia, Mexico, several African countries and the European parliament. The outcomes of these elections may have significant implications for policy directions and priorities globally.

Despite facing challenges, our focus on customer service, product quality and production and distribution operations enabled the Group to achieve a higher sales volume of 4,334,600 metric tonnes ("**MT**") as compared to 4,293,000 MT in 2022. This came on the back of the lower trajectory of crude palm oil ("**CPO**") prices, which averaged RM3,842 a tonne in 2023, representing a significant decrease from the averaged RM5,137 a tonne recorded in 2022. As a result of the prevailing market conditions, the Group's net profit attributable to equity holders moderated to US\$40.6 million in 2023, contracting by 64.3% from the high base of the previous year. Notably, the Bulk segment's operating margin decreased from US\$215.9 million in 2022 to US\$101.4 million. However, this was partly offset by the positive performance of the Consumer Pack segment,

which reported a 17.3% increase in operating margin to US\$99.7 million in 2023. Nonetheless, the Group achieved satisfactory operational performance by leveraging our extensive and robust global distribution network, integrated midstream and downstream production capabilities, and the management's wealth of diverse experience. Supported by lower prevailing average selling prices, the Group managed to significantly reduce its working capital to achieve our highest ever cash flows from operations at US\$314.8 million. Our Balance Sheet continued to remain strong with low net debt to equity ratio of 0.33.

As we look ahead to 2024, the palm oil industry is expected to continue encountering challenges such as demand-supply fluctuations, climate change, inflation, competing vegetable oils and geopolitical tensions. However, the fundamentals of the palm oil industry remain supported by tight inventories and rising domestic demand creation in Indonesia. Drawing upon the Group's solid foundation, we remain committed to expanding our global footprint and deepening our positive impact in the markets and communities where we operate.

Increasing focus on sustainability has led to intensifying efforts in Malaysia and Indonesia to elevate environmental standards and support for smallholders. Notably, Indonesia's B35 biodiesel mandate to bolster domestic palm oil demand for energy purposes together with sustained long-term demand in key markets such as China and India underpin the strength of our business. We are committed to strengthen our large-scale integrated manufacturing facilities and capabilities in

Malaysia, expand our footprints in Indonesia, reinforce our global supply chain network, fortify our balance sheet position and build quality brands that people love.

The unwavering support of our shareholders during these volatile times is instrumental to the Group's continued resilience. In acknowledgement of this support, the Board of Directors is proposing a final exempt dividend of S\$0.0061 per ordinary share. Together with the interim dividend of S\$0.0014 already paid, shareholders would have received a total of S\$0.0075 per ordinary share for the full year.

I would also like to express my heartfelt gratitude to our esteemed long-serving directors, Dr Foo Say Mui (Bill) and Mr Robert Loke Tan Cheng. Following our Annual General Meeting on 26 April 2024, they will be retiring in accordance with SGX RegCo's regulations on Independent Directors' tenure. Their invaluable service and leadership on key Board committees have left an indelible mark on the Group.

In times of adversity, resilience becomes paramount. It is our Board of Directors and senior management team's collective wealth of management experience and expertise, the passion and can-do spirit of our talented employees, and the invaluable support of our customers, suppliers, bankers and other stakeholders that have propelled the Group forward. Together, we are confident that we can continue to build on the Group's 70-year legacy and navigate this era of uncertainty with purpose – nurturing growth and value for all.

**DR CHEO TONG CHOON @
LEE TONG CHOON**

Chairman and Executive Director