

Chairman's Message



“The Group reports an impressive net profit of US\$86.5 million in 2020 – which is amongst our historical best performance.”

The global environment was fraught with challenges in 2020. Border closures and movement control measures imposed by governments in response to the COVID-19 pandemic outbreak brought about widespread business disruptions. However, agricultural supply chains showed incredible resilience with only minor delays at certain ports and few localised issues. As the Group's business is predominantly classified under essential industries we were fortunate that our operations were not significantly impacted.

Riding the strong demand from countries trying to guarantee sufficient internal supply of agri commodities, the Group achieved a record sales volume of over 4.8 million metric tonnes (MT) in 2020. Concerns over tightening supplies in the edible oil complex led destinations to scramble for available stocks, shooting up the average selling price of crude palm oil (“CPO”) by 29.6%. Leveraging on our large-scale integrated production facilities, diverse and strong supplier network and customer base in over 140 countries, the Group was able to appropriate a significant portion of refining & supply chain margins. This has enabled the Group to report an impressive net profit of US\$86.5 million in 2020 – which is amongst our historical best performance.

Although countries around the world are now rushing to vaccinate

their populations, the markets will remain challenging considering the need to vaccinate at least a sizeable portion of the world's 7.8 billion people^[1]. Spiraling food prices as reflected by Bloomberg Agriculture Spot Index which has risen above 40% since beginning of April 2020 will remain at the top of many government's list of concerns. Nevertheless, we expect the CPO prices to remain steady in the initial part of 2021 due to sturdy demand from Asia, Africa and Middle East amidst tight stockpiles. With the ongoing industry efforts to produce palm oil more sustainably and the global vegetable oils demand expected to double in the next 30 years from 165 million MT to 307 million MT^[2], the Group remains confident about the long-term outlook of the industry. Palm oil has inherent advantages within the competing edible oil complex due to its price competitiveness and higher oil production yields.

This year was a very successful year for the Group. As a show of appreciation for the support of our loyal shareholders, the Board of Directors has proposed a final exempt dividend of S\$0.0060 per

ordinary share after factoring in the retained earning needed to facilitate our growth plans. Together with the S\$0.0015 interim dividend declared earlier, the total dividend for the full year is S\$0.0075 per ordinary share as compared to S\$0.0046 for the previous financial year.

The Group has demonstrated great resilience in these unprecedented times by drawing upon the strong foundation we have built over the years. I offer my heartfelt appreciation to our Board of Directors, employees and shareholders for their unwavering support. Their commitment and contributions were pivotal not only to the Group's performance during the year, but also placed the Group in good stead to embrace opportunities as they arise. Having emerged stronger from this crisis, we remain confident in the strength of our business model and are committed towards building our business sustainably.

**DR CHEO TONG CHOON @
LEE TONG CHOON**
Chairman and Executive Director

^[1] <https://www.worldometers.info/world-population/#table-historical>

^[2] <https://www.iucn.org/resources/issues-briefs/palm-oil-and-biodiversity>