

ANNUAL REPORT 2020

RESILIENCE THROUGH AGILITY AND DIVERSITY

OUR MISSION

To strengthen our leadership position in our core businesses in Malaysia, expand regionally for further growth, invest in related activities for greater synergy and increase shareholder value, in a socially and environmentally responsible manner through management excellence.

OUR VISION


To be a market leader in our core businesses reputed for our sustainable quality products and services.

RESILIENCE THROUGH AGILITY AND DIVERSITY

PPB Group's ability to navigate an unprecedented market landscape is a result of its diverse business operations. This is further aided by our agility and resolve to respond with strategies to strengthen our resilience. It is this 'Resilience Through Agility and Diversity' that has enabled the Group to continue creating value for our stakeholders, and we remain committed to forging ahead towards a better future.



NAVIGATION ICON IN THIS REPORT

 This icon with the page number(s) refers you to the related information in our Annual Report.

OTHER COMMUNICATION TOOLS



Corporate Website

For more information on PPB Group, please visit our corporate website.

<https://www.ppbgroup.com/>

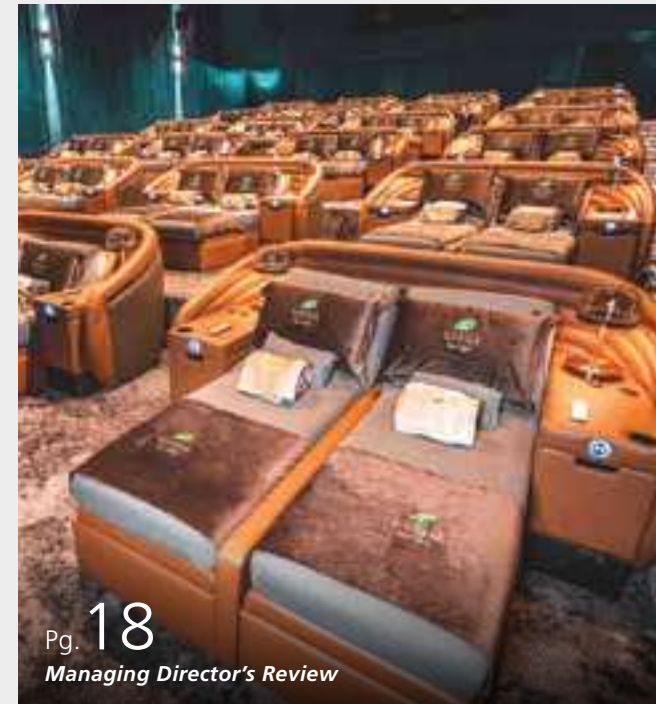


Online Report

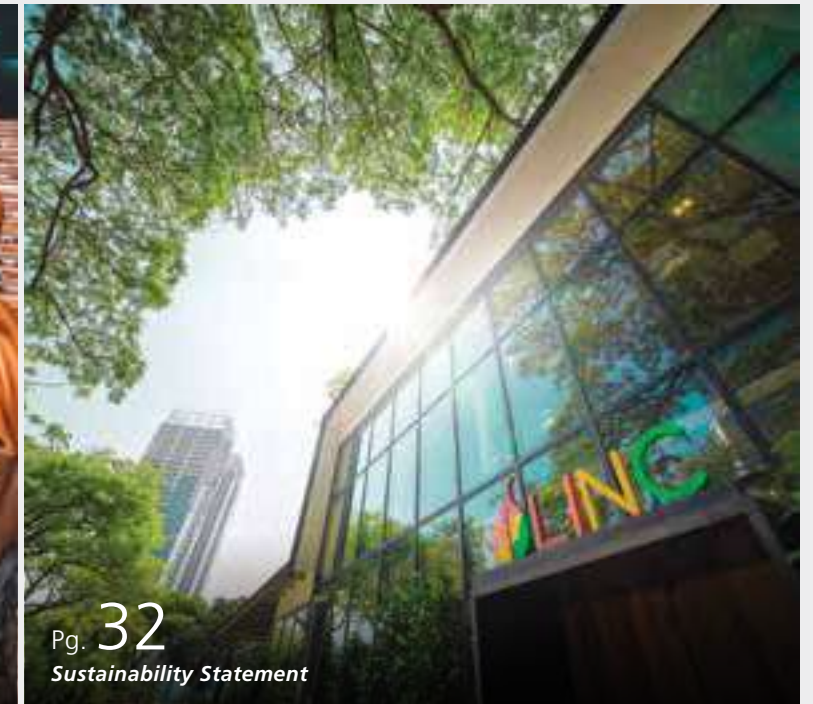
Scan this QR code for a direct link to our Annual Report online.

Or log on to

https://www.ppbgroup.com/images/pages/investor-relations/annual_report/2020-2017/ppb-annual-report-2020.pdf



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Managing Director's Review



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Sustainability Statement

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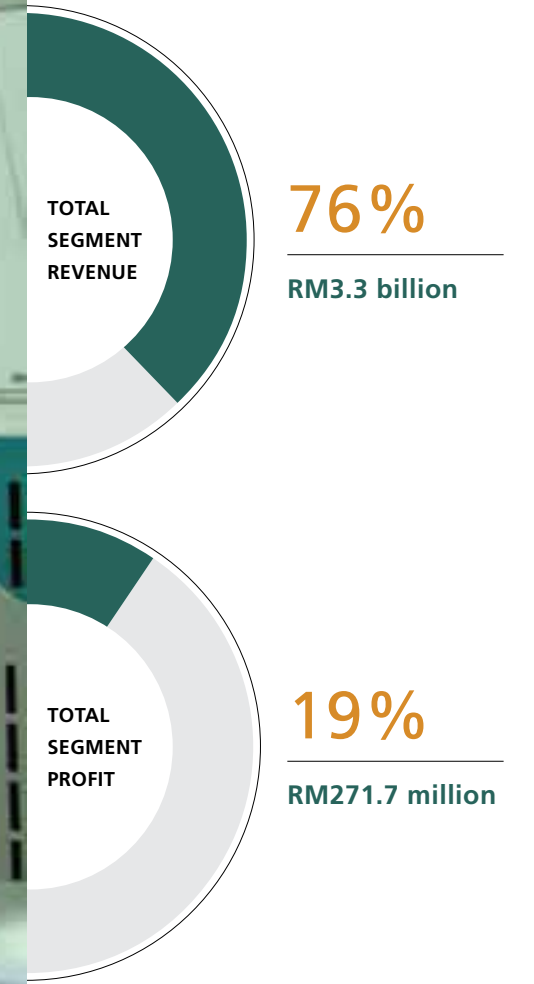
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Roller mills for wheat grinding in FFM's flour mill in Pulau Indah, Selangor

CONTRIBUTION OF GRAINS AND AGRIBUSINESS IN 2020



Chicks brooding within its first 28 days at FFM Farms' layer farm in Trong, Perak



FFM's animal feed warehouse

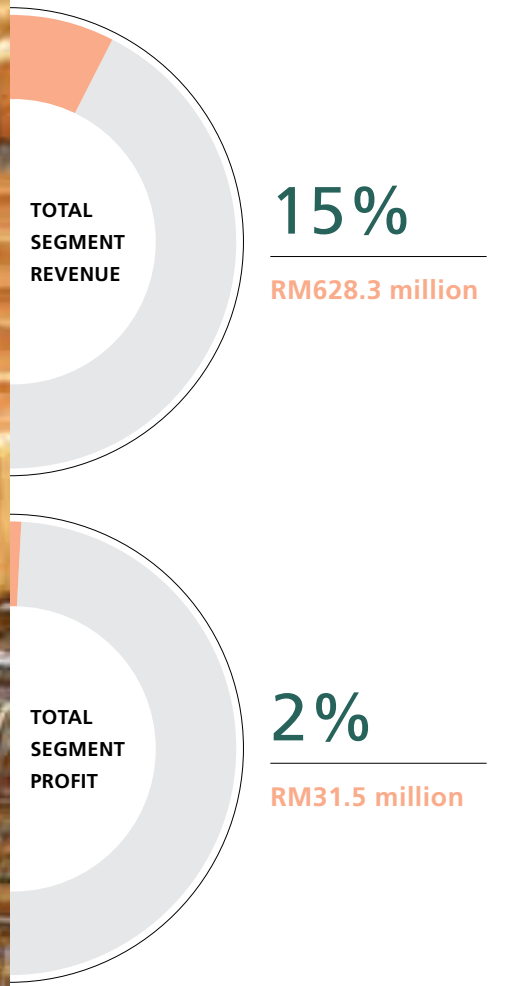
GRAINS AND AGRIBUSINESS

- 
FLOUR MILLING
 FFM Group operates five flour mills in Malaysia with a total milling capacity of 2,820 mt/day. Overseas, FFM Group operates two flour mills in Vietnam, and one each in Thailand and Indonesia. FFM Group also has 20% interest in eight associates in China engaged in flour milling.
- 
ANIMAL FEED MILLING
 FFM Group is one of the key feed millers in Malaysia and operates five feed mills in Peninsular and East Malaysia with a total production capacity of 67,200 mt/month.
- 
LIVESTOCK FARMING
 FFM Farms Sdn Bhd (FFM Farms) operates 2 broiler breeder farms with a combined estimated production capacity of 3 million broiler chicks per month, and a layer farm with an estimated monthly production capacity of 21 million eggs to complement the Group's animal feed milling operations.



Massimo's bread loaves production line in Pulau Indah

CONTRIBUTION OF CONSUMER PRODUCTS IN 2020



Marina frozen food, one of the popular products distributed by FFM Marketing Sdn Bhd



On 24 June 2020, FFM acquired the remaining 70% equity interest in FFM Further Processing Sdn Bhd, making it a wholly-owned subsidiary

CONSUMER PRODUCTS



CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd (FMSB) has established a strong distribution network and currently distributes a wide range of fast-moving consumer goods under its own brands as well as other international and local brands. FMSB has 13 warehouses with a total warehousing capacity of more than 300,000 sq ft.



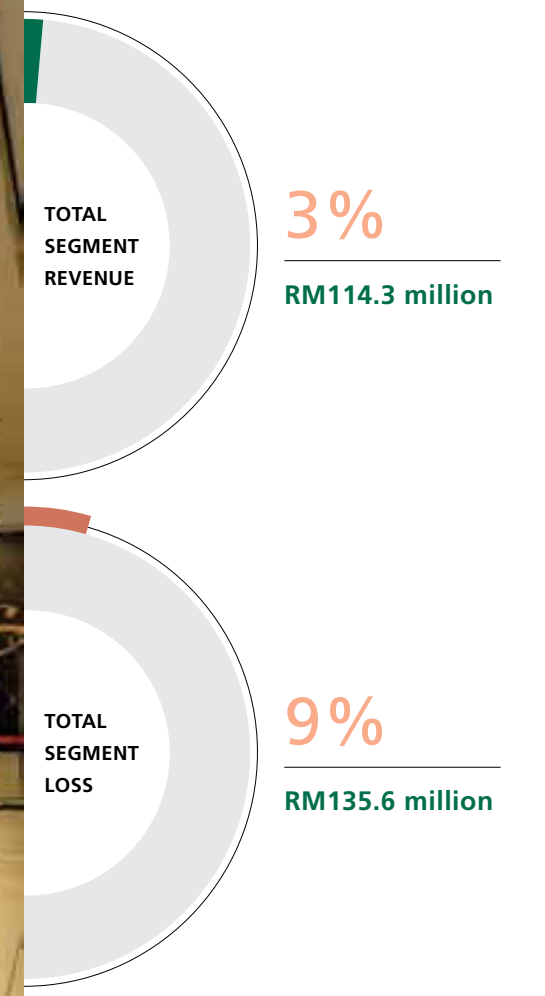
BAKERY

The Italian Baker Sdn Bhd operates a state-of-the art baking plant in Pulau Indah with five fully automated production lines using the latest American and European technology. The production lines comprise 10,000 loaves-per-hour and 6,000 loaves-per-hour bread lines; a 24,000 rolls-per-hour line; a 15,000 cake-per-hour line; and a 6,000 buns-per-hour line.



The lobby of the newly-renovated GSC 3 Damansara, which has been redesigned to feature an open, walk-in concept with ample seating for movie-goers

CONTRIBUTION OF FILM EXHIBITION AND DISTRIBUTION IN 2020



GSC 3 Damansara features PlayPlus, GSC's family-friendly hall with an indoor play area and slide for kids to play while enjoying their favourite movie



GSC 3 Damansara's PlayPlus comes with an adjoining lounge and reading corner

FILM EXHIBITION AND DISTRIBUTION



FILM EXHIBITION

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 339 screens totaling 52,260 seats at 33 locations in major cities nationwide. In Vietnam, the Group operates at 18 locations with a total of 108 screens and 16,555 seats.



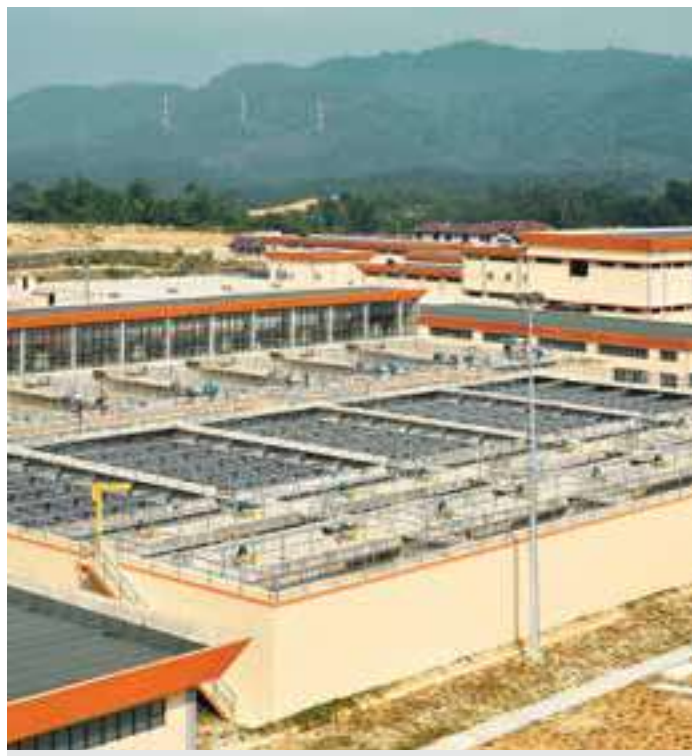
FILM DISTRIBUTION

GSC Movies Sdn Bhd acquires and distributes films to cinemas and sub-licences movie content to television (pay TV & free TV), over-the-top (OTT) platform and hotel operators. It is the largest local distributor of Chinese, independent English and foreign language films, and distributes films to cinemas throughout Malaysia, Brunei, Vietnam, Myanmar and Cambodia. GSC Movies distributed a total of 53 films in 2020.



Off River Storage in Sg Labu, Sepang

CONTRIBUTION OF ENVIRONMENTAL ENGINEERING AND UTILITIES IN 2020







Ngoi-Ngoi Water Treatment Plant in Negeri Sembilan



Serian Raw Water Intake in Sarawak

ENVIRONMENTAL ENGINEERING AND UTILITIES

CWM GROUP PROVIDES HOLISTIC SOLUTIONS, ADVANCED TECHNOLOGIES AND PROFESSIONAL MANAGEMENT SERVICES IN WATER, SEWAGE, SOLID WASTE AND DRAINAGE SECTORS AND HAS A TRACK RECORD OF MORE THAN 140 WATER AND SEWAGE PROJECTS WITH A COMBINED CONTRACT VALUE IN EXCESS OF RM3.3 BILLION. ITS SERVICES INCLUDE THE FOLLOWING:

- 
WATER ENGINEERING
 Design, construct, operate and maintain municipal water supply facilities covering intake, pumping stations, treatment, delivery and supply network.
- 
SOLID WASTE MANAGEMENT
 Collect and dispose large scale commercial, industrial and residential wastes for various corporate clients and municipalities. Member of the concessionaire operating sanitary landfills in Selangor.
- 
SEWAGE TREATMENT
 Design, construct, operate and maintain centralised sewage treatment plants and sludge treatment plants for local authorities. Design and construct sewage network and network pumping stations.
- 
FLOOD MITIGATION
 Provide turnkey solutions for flood mitigation schemes.



Southern Marina Residences, Iskandar Puteri, Johor

**CONTRIBUTION OF PROPERTY
IN 2020**

TOTAL
SEGMENT
REVENUE

1%

RM67.0 million

TOTAL
SEGMENT
PROFIT

0.3%

RM3.9 million



Artist impression of the entertainment lounge at Megah Rise, Petaling Jaya



Cheras LeisureMall, Kuala Lumpur

PROPERTY

PPB PROPERTIES, WHICH ENCOMPASSES THE PROPERTY-BASED ACTIVITIES OF PPB GROUP BERHAD, IS COMMITTED TO GIVING HOMEOWNERS, BUSINESS OPERATORS, AND INVESTORS A RANGE OF VALUE-CRAFTED RESIDENTIAL, RETAIL, AND COMMERCIAL SPACES DESIGNED TO MEET THE COMMUNITY'S NEEDS.



INVESTMENT PROPERTIES

PPB owns and manages four retail/commercial properties namely:

- Cheras LeisureMall in Taman Segar, Kuala Lumpur
- Cheras Plaza in Taman Segar, Kuala Lumpur
- New World Park in Lorong Swatow, Georgetown, Penang
- The Whiteaways Arcade, Beach Street, Penang



PROPERTY DEVELOPMENT

The Group's most recent property development project is Megah Rise, a mixed development in Taman Megah, Petaling Jaya which consists of 228 condominium units and a retail podium.



PROJECT MANAGEMENT

The Group also provides project management services for property development projects under various PPB Group companies and affiliates.

The major projects include:

- Southern Marina Residences in Iskandar Puteri, Johor
- The Linc KL, Jalan Tun Razak, Kuala Lumpur

Corporate Profile

PPB GROUP BERHAD ("PPB") IS AN INVESTMENT HOLDING AND PROPERTY INVESTMENT COMPANY LISTED ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD, THE MALAYSIAN STOCK EXCHANGE. INCORPORATED IN MALAYSIA IN 1968, THE PPB GROUP TODAY IS A CONGLOMERATE WITH TOTAL ASSETS AND MARKET CAPITALISATION OF RM24.9 BILLION AND RM26.4 BILLION RESPECTIVELY AS AT 31 DECEMBER 2020.

PPB is headquartered in Kuala Lumpur, Malaysia and has operations in China, Vietnam, Indonesia, Thailand and Singapore with about 4,800 employees in the Malaysian operations.



The Group's main contributor, *Grains & Agribusiness* segment, comprises flour and animal feed milling; grains trading and livestock farming. The FFM Group in which PPB has 80% equity interest, owns and operates a total of nine flour mills, five in the country, two in Vietnam and one each in Thailand and Indonesia. FFM Group also has 20% interest in eight associates in China with a combined flour milling capacity of 17,550 mt/day. Under the *Consumer Products* segment, the Group has moved into downstream activities including food processing, bakery, marketing and distribution of edible oils and consumer products.

In the *Film Exhibition & Distribution* segment, wholly-owned subsidiary, Golden Screen Cinemas Sdn Bhd is the largest film exhibitor in Malaysia with 339 screens in 33 locations nationwide, capturing more than 40% of domestic box office collections.

PPB's strategic acquisitions and business ventures over the years have enabled it to successfully diversify its businesses to include *Environmental Engineering & Utilities* led by the Chemquest Group in which PPB has 55% equity interest. This segment provides water engineering, sewage treatment, solid waste management and flood mitigation services.

PPB owns and manages several retail/commercial properties comprising a shopping centre, Cheras LeisureMall, and an office building, Cheras Plaza in Taman Segar, Kuala Lumpur as well as New World Park and the Whiteaways Arcade in Georgetown, Penang. Two wholly-owned subsidiaries of PPB, PPB Hartabina Sdn Bhd and PPB Property Development Sdn Bhd, carry out property development, and provide project and property management services, respectively, for projects undertaken and properties owned by PPB Group companies and affiliates.

PPB owns 18.6% equity interest in one of Asia's largest integrated agribusiness groups, Wilmar International Limited ("Wilmar"). Wilmar's business encompasses the entire value chain of the agricultural commodity business, from cultivation and milling of palm oil and sugar cane to processing, branding and distribution of a wide range of edible food products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries.

Corporate Objectives

Create Value for Shareholders

To reward shareholders with sustainable and attractive dividends.



Focus on Core Businesses

To enhance and expand our core operations and related businesses to capitalise on scale and integration for optimum cost-efficiency.



Strengthen Market Position

To further strengthen our leadership position in our core businesses.



Capitalise on Synergies

To synergise and leverage on the Group's individual operations to maximise overall output and strength.



Improve Efficiency and Productivity

To leverage on technology and embrace innovation to further drive operational efficiency to ensure best-of-class operating standards.



Secure Future Growth

To create new business opportunities through prudent and forward looking investment strategies in new and emerging areas, as well as market segments both locally and regionally.



Commit to Corporate Social Responsibility

To embrace responsible corporate citizenship focused on generating economic returns with positive contributions to society.



Care for the Environment

To practise sensible and proper environment-friendly standards in our business operations in accordance with legal and regulatory requirements.



Practise Good Corporate Governance

To observe optimum standards of transparency, accountability and integrity in our business practices and corporate performance.



Group Corporate Structure as at 15 March 2021



GRAINS & AGRIBUSINESS

CONSUMER PRODUCTS

FILM EXHIBITION & DISTRIBUTION

ENVIRONMENTAL ENGINEERING & UTILITIES

PROPERTY

INVESTMENTS & OTHER OPERATIONS

GRAINS & AGRIBUSINESS

Investment holding, grains trading, flour & feed milling

▶ FFM Berhad -----	80%
Flour milling	
• Johor Bahru Flour Mill Sdn Bhd -----	100%
• FFM Grains & Mills Sdn Bhd -----	100%
• Vietnam Flour Mills Limited -----	100%
• VFM-Wilmar Flour Mills Co Limited -----	51%
• PT Pundi Kencana -----	51%
• Kerry Flour Mills Limited -----	43.4%
Animal feed milling	
• Johor Bahru Flour Mill Sdn Bhd -----	100%
• FFM Grains & Mills Sdn Bhd -----	100%
• FFM (Sabah) Sdn Bhd -----	100%
• FFM Feedmills (Sarawak) Sdn Bhd -----	100%
Livestock farming	
• FFM Farms Sdn Bhd -----	100%
Investment holding	
• Waikari Sdn Bhd -----	100%
Flour milling	
• Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd ---	20%
• Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd -----	20%
• Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd -----	20%
• Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd ---	20%
• Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd ---	20%
• Yihai (Zhoukou) Wheat Industries Co., Ltd -----	20%
• Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd -----	20%
• Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd -----	20%

CONSUMER PRODUCTS

Consumer products distribution	
▶ FFM Marketing Sdn Bhd -----	100%
Bakery	
▶ The Italian Baker Sdn Bhd -----	100%
Food processing	
▶ Meizan CLV Corporation -----	50%
▶ Kart Food Industries Sdn Bhd -----	45%
▶ FFM Further Processing Sdn Bhd -----	100%

Notes:
 1. This chart features the main operating companies and does not include dormant and inactive companies.
 2. Percentages shown indicate the Group's direct equity interest held.

Group Corporate Structure as at 15 March 2021

FILM EXHIBITION & DISTRIBUTION

Investment holding	
▶ PPB Leisure Holdings Sdn Bhd -----	100%
Exhibition of movies and content	
• Golden Screen Cinemas Sdn Bhd -----	100%
Distribution of movies and content	
• GSC Movies Sdn Bhd -----	100%
Screen advertising	
• Cinead Sdn Bhd -----	100%
Exhibition and distribution of movies and content	
• Galaxy Studio Joint Stock Company -----	40%

ENVIRONMENTAL ENGINEERING & UTILITIES

Waste management and environmental engineering	
▶ CWM Group Sdn Bhd -----	100%
Environmental engineering and utilities	
• Cipta Wawasan Maju Engineering Sdn Bhd -----	100%
Waste management	
• Sitamas Environmental Systems Sdn Bhd -----	100%
• Worldwide Landfills Sdn Bhd -----	40%
Investment holding	
▶ Chemquest (Overseas) Limited -----	100%
• Beijing KVV Wastewater Technology Company Ltd ---	51%
Utilities	
• Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant -----	42%

INVESTMENTS & OTHER OPERATIONS

Investment holding & trading	
▶ Chemquest Sdn Bhd -----	55%
Chemicals manufacturing	
• Malayan Adhesives and Chemicals Sdn Bhd -----	99.6%
Investment holding	
• Masuma Trading Company Limited -----	100%
• Hexarich Sdn Bhd -----	100%
• Orion Fund Pte Ltd -----	40%
• Orion Fund II Pte Ltd -----	40%
IT services	
• Easi (M) Sdn Bhd -----	60%
• Enterprise Advanced System Intelligence Pte Ltd -----	60%
• Easi Ticketing Sdn Bhd -----	100%
Integrated agribusiness	
• Wilmar International Limited -----	18.6%
PROPERTY	
Project and property management and other related services	
▶ PPB Property Development Sdn Bhd -----	100%
Property development, project and property management and other related services	
▶ PPB Hartabina Sdn Bhd -----	100%
Investment holding and oil palm cultivation	
• South Island Mining Company Sdn Bhd -----	100%
Property development	
• Seletar Sdn Bhd -----	100%
Property investment	
▶ Cathay Screen Cinemas Sdn Bhd -----	100%
• Cathay Theatres Sdn Bhd -----	100%
▶ Shaw Brothers (M) Sdn Bhd -----	34%
Investment holding	
▶ Huge Quest Realty Sdn Bhd -----	40%
Property development	
• Southern Marina Development Sdn Bhd -----	70%
Property development	
▶ Hillcrest Gardens Sdn Bhd -----	16.8%