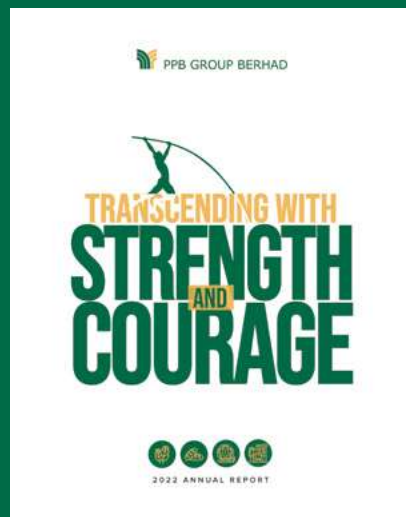




TRANSCENDING WITH
STRENGTH
AND
COURAGE



2022 ANNUAL REPORT



RATIONALE

The prevailing operating environment has many uncertainties and instabilities. With courage, strength, and adaptability, the PPB Group is able to transcend challenges and seize opportunities to achieve sustained growth.

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.

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/2022/ppb-annual-report-2022.pdf

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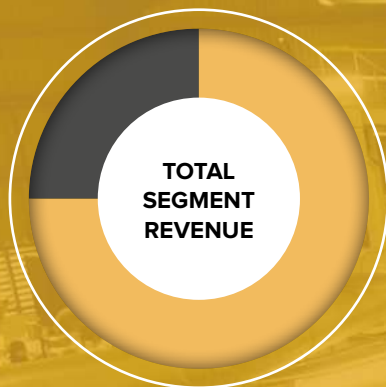
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FURTHER INFORMATION

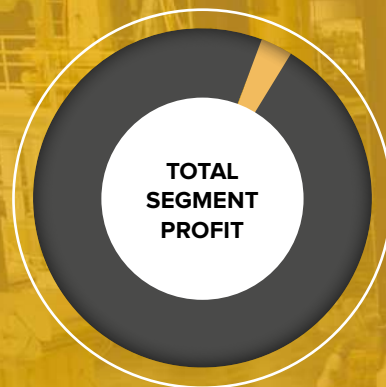
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CONTRIBUTION OF GRAINS AND AGRIBUSINESS IN 2022



74%
RM4.66 billion



3%
RM74 million

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 in Indonesia. In Thailand, the Group operates a 670 mt/day flour mill through its 43.4% associate, Kerry Flour Mills Limited. FFM Group also has 20% interest in eight associates in China engaged in flour milling.

ANIMAL FEED MILLING

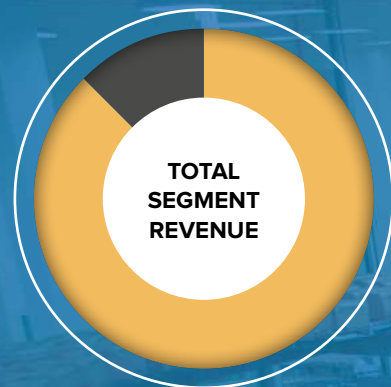
FFM Group is one of the key feed millers in Malaysia and operates five feed mills in Peninsular and East Malaysia with a total production capacity of 66,000 mt/month.

LIVESTOCK FARMING

FFM Farms Sdn Bhd operates 2 broiler breeder farms with a combined estimated production capacity of 3.05 million broiler chicks per month, and a layer farm with an estimated monthly production capacity of 20.5 million eggs to complement the Group's animal feed milling operations.

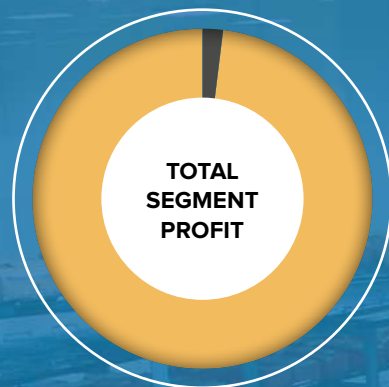
GRAINS AND AGRIBUSINESS

CONTRIBUTION OF CONSUMER PRODUCTS IN 2022



12%

RM751 million



2%

RM34 million

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 450,000 sq ft.

BAKERY

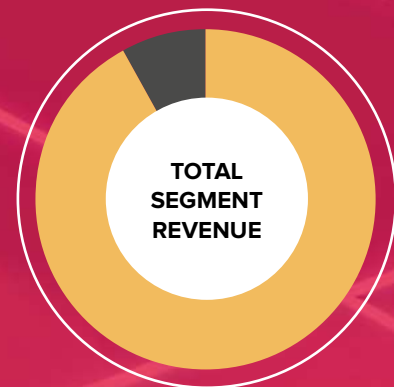
The Italian Baker Sdn Bhd operates a state-of-the art baking plant in Pulau Indah with five fully automated production lines using the latest American and European technology. The production lines comprise 10,000 loaves-per-hour and 6,000 loaves-per-hour bread lines; a 24,000 rolls-per-hour line; a 15,000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

FOOD PROCESSING

FFM Further Processing Sdn Bhd (FFP) operates two production lines at its HACCP-certified plant located in Pulau Indah, Klang. FFP specialises in producing a wide range of frozen food under the “Marina” brand. The “Marina” brand offers a premium selection of ready-to-eat sausages, chicken nuggets and burgers.

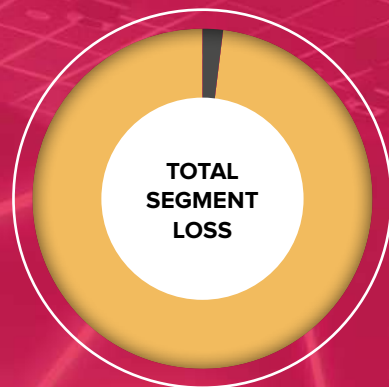
CONSUMER PRODUCTS

CONTRIBUTION OF FILM EXHIBITION AND DISTRIBUTION IN 2022



8%

RM515 million



-1%

-RM17 million

FILM EXHIBITION

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 491 screens at 52 locations in major cities nationwide. In Vietnam, the Group operates at 19 locations with a total of 111 screens.

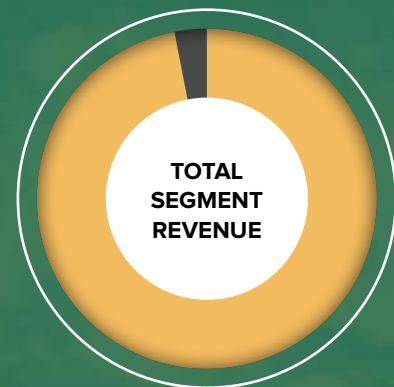
FILM DISTRIBUTION

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 and Cambodia. GSC Movies distributed a total of 74 films in 2022.

FILM EXHIBITION AND DISTRIBUTION

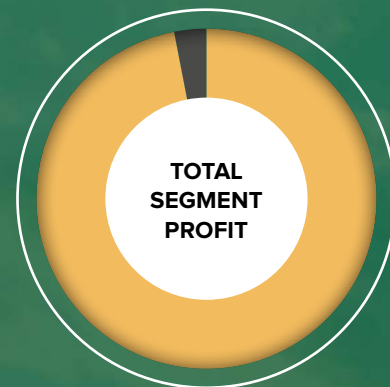
Decorative icons of a film reel and a bucket are placed over the text.

CONTRIBUTION OF PROPERTY IN 2022



2%

RM141 million



2%

RM35 million

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 five retail/commercial properties namely:

- Cheras LeisureMall in Taman Segar, Kuala Lumpur
- Cheras Plaza in Taman Segar, Kuala Lumpur
- Megah Rise Mall in Taman Megah, Petaling Jaya
- 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, Jalan Tun Razak, Kuala Lumpur

PROPERTY

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 RM28.93 billion and RM24.81 billion respectively as at 31 December 2022.



PPB is headquartered in Kuala Lumpur, Malaysia and we have operations in China, Vietnam, Indonesia, Thailand and Singapore with about 4,900 employees in the Malaysian operations.

Our businesses are principally divided into five business segments viz:

-  **GRAINS & AGRIBUSINESS**
-  **CONSUMER PRODUCTS**
-  **FILM EXHIBITION & DISTRIBUTION**
-  **PROPERTY**
-  **INVESTMENTS & OTHER OPERATIONS**

The Group’s main contributor, Grains & Agribusiness, 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 five flour mills in the country, two in Vietnam and one in Indonesia. In Thailand, the Group operates a 670 mt/day flour mill through its 43.4% associate, Kerry Flour Mills Limited. FFM Group also has 20% interest in eight associates in China with a combined flour milling capacity of 18,950 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.

PPB’s Film Exhibition & Distribution segment is represented by its wholly-owned subsidiary, Golden Screen Cinemas Sdn Bhd which is the largest film exhibitor in Malaysia with 491 screens in 52 locations nationwide, capturing more than 50% of domestic box office collections.

PPB also owns and manages several retail/commercial properties including a shopping centre, Cheras LeisureMall, and an office building, Cheras Plaza in Taman Segar, Kuala Lumpur; Megah Rise Mall in Petaling Jaya, Selangor; 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 management services, for projects undertaken and properties owned by PPB Group companies and affiliates.

PPB owns 18.8% 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



GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2023



GRAINS & AGRIBUSINESS

CONSUMER PRODUCTS

FILM EXHIBITION & DISTRIBUTION

PROPERTY

INVESTMENTS & OTHER OPERATIONS

GRAINS & AGRIBUSINESS

Investment holding, grains trading, flour and 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

- FFM Further Processing Sdn Bhd — 100%
- Meizan CLV Corporation — 50%
- Kart Food Industries Sdn Bhd — 45%

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%

PROPERTY

Project management and other property-related services

- PPB Property Development Sdn Bhd — 100%

Property development, project management and other property-related services

- PPB Hartabina Sdn Bhd — 100%

Investment holding and oil palm cultivation

- South Island Mining Company Sdn Bhd — 100%

Property development and oil palm cultivation

- 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%

GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2023

INVESTMENTS & OTHER OPERATIONS

Investment holding

- Chemquest Sdn Bhd — 55%
- Masuma Trading Company Limited — 100%
- Hexarich Sdn Bhd — 100%
- PPB Ventures 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 — 18.8%

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%

Notes :

* This chart features the main operating companies and does not include dormant and inactive companies.

* Percentages shown indicate the Group's direct equity interest held.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Oh Siew Nam
Chairman
Non-independent Non-executive Director

Mr Lim Soon Huat
Managing Director

Datuk Ong Hung Hock
Non-independent Non-executive Director

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Independent Non-executive Director

Mr Soh Chin Teck
Independent Non-executive Director

En Ahmad Riza bin Basir
Independent Non-executive Director

Madam Tam Chiew Lin
Independent Non-executive Director

Tengku Nurul Azian binti Tengku Shahrman
Independent Non-executive Director

Ms Yip Jian Lee
Independent Non-executive Director

AUDIT AND RISK COMMITTEE

Mr Soh Chin Teck
Chairman

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

Madam Tam Chiew Lin

Tengku Nurul Azian binti Tengku Shahrman

NOMINATION COMMITTEE

En Ahmad Riza bin Basir
Chairman

Mr Soh Chin Teck

Datuk Ong Hung Hock

REMUNERATION COMMITTEE

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

Chairman

Madam Tam Chiew Lin

Datuk Ong Hung Hock

COMPANY SECRETARY

Mr Mah Teck Keong

REGISTERED OFFICE

12th Floor, UBN Tower
No. 10 Jalan P. Ramlee
50250 Kuala Lumpur, Malaysia
Telephone: 03-2726 0088
Facsimile: 03-2726 0099
Website: www.ppbgroup.com

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Public Bank Berhad
HSBC Amanah Malaysia Berhad

AUDITORS

Ernst & Young PLT
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suites
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone: 03-2783 9299
Facsimile: 03-2783 9222
Email: is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)
Sector: Consumer Products and Services
Stock Name: PPB
Stock Number: 4065
ISIN: MYL406500008



CHAIRMAN'S STATEMENT



Dear Shareholders,

The PPB Group Berhad (“PPB” or the “Company”) Group recorded commendable results for financial year 2022 (“FY2022”) despite the challenges posed by geopolitical instability, supply chain disruptions and rising inflation. Our core businesses helped us weather these challenges. We also focused on embedding sustainability considerations into our business strategy, risk management and governance practices to continue our progress towards long-term success.

GROUP RESULTS

We are pleased to report that Group revenue increased by 29% to RM6.26 billion for FY2022, as all key segments recorded improved revenue and profitability.

The Group achieved a 50% increase in pre-tax profit to RM2.25 billion. Pre-tax profit of our Grains and Agribusiness segment increased by 21% to RM74 million; whilst the Film Exhibition and Distribution segment recorded a lower loss of RM17 million. Contribution from our 18.8%-owned associate, Wilmar International Ltd (“Wilmar”) was up 40% to RM2.10 billion. Profit attributable to shareholders totalled RM2.20 billion, with earnings per share amounting to 154.43 sen, a 47% increase from the previous year.

Our outlook of the Group’s prospects remain positive and we will continue to invest in our businesses. The Group’s total capital and other commitments amount to RM842 million over the next five years, for upgrading and expansion of our main businesses, and other investments. We will continue to manage our assets efficiently and strengthen the Group’s prospects by strategically leveraging on opportunities in the market.

DIVIDENDS

The Board has recommended a proposed final dividend of 28 sen per share for FY2022, subject to approval by PPB shareholders at the 54th Annual General Meeting to be held on 17 May 2023. The proposed final dividend is payable on 8 June 2023 to shareholders whose names appear in the Record of Depositors on 19 May 2023.

Together with the interim dividend of 12 sen per share paid on 28 September 2022, the total dividends paid and payable for FY2022 would be 40 sen per share.

UPHOLDING GOVERNANCE

We are committed to upholding and inculcating good corporate governance

Group Revenue
RM6.26
billion

practices to build trust and confidence amongst our stakeholders, and for the long-term success and sustainability of the Company. We continue to strengthen our governance and internal controls to uphold the integrity of the business and enhance shareholder value. Our corporate governance initiatives, risk and internal control processes are detailed in the relevant sections on this Annual Report.

We review our internal practices against the Malaysian Code on Corporate Governance (“MCCG”) in a continuous process to improve our operational performance and governance. This included the review and adoption of a revised board charter, and terms of reference of board committees as well as a review and monitoring of the Group’s governance of sustainability in response to the latest developments keeping in mind the expectations and needs of stakeholders.

SUSTAINABILITY

The Group’s focus on good sustainability practices is aligned with the UN Sustainability Development Goals, and those sustainability issues that are most material to our businesses and key stakeholders.

Our Sustainability Report contains the Group’s initiatives to achieve tangible outcomes in mitigating environmental impact, ensuring employee safety and wellbeing, increase marketplace

engagement, and contributing to the community. The report also tracks the progress we made against our sustainability targets.

We are included in Bursa Malaysia’s FTSE4Good Index Series, for which we must meet a set of environmental, social and governance (ESG) criteria and indicators, including transparency, environmental management practices, supply chain engagement and others. PPB’s score has increased, and we will continue to strengthen our responsible business and sustainability practices.

At PPB, sustainability is an integral part of achieving our vision to be a market leader in our core businesses. We acknowledge our responsibility of creating a sustainable future for ourselves and most importantly for our future generations.

CSR INITIATIVES

As part of our corporate social responsibility activities, PPB Group invested over RM3 million in various initiatives to support the community. We provided aid to over 16,000 beneficiaries through food donations, utilities assistance, upskilling programmes, job creation for entertainers, and workshops in various skills such as photography and filmmaking.

PROSPECTS AND CHALLENGES FOR FY2023

Malaysia’s economy is projected to expand by 4.5% in 2023 amidst an expected slowdown in the external environment. This follows a stronger-than-expected 8.7% recovery in 2022 with the private sector being the key driver of growth, supported by private consumption and investment.

The lingering effects of the pandemic, escalating geopolitical tensions and conflicts, and unfavourable weather conditions continue to weigh on our business segments. Notwithstanding that, we are optimistic that the Group will continue to recover as the market is anticipated to improve. Our exposure is relatively limited as most of our products

CHAIRMAN’S STATEMENT

are essential commodities and basic food items.

Wilmar’s performance will continue to contribute substantially to the overall profitability of the Group as well.

BOARD CHANGES

We are pleased to welcome Ms Yip Jian Lee who joined the Board on 2 January 2023 as an Independent Non-executive Director. Ms Yip was formerly a Director with the Institute of Bankers Malaysia, and presently serves on the boards of Carimin Petroleum Berhad and FWD Takaful Berhad. We look forward to her participation and contributions to the Group.

I will retire as a Director at the forthcoming 54th Annual General Meeting of the Company on 17 May 2023, and have decided not to seek re-election.

As part of an orderly succession planning, we review the board membership and composition as an on-going process; and my fellow directors will continue to provide stewardship, guidance and oversight for the Group’s continued success and growth. I am confident that I leave you in good hands.

I take this opportunity to thank my fellow directors, colleagues, and not least you, our shareholders, for your support, trust and confidence; and extend my best wishes to you all.

ACKNOWLEDGEMENTS

Lastly on behalf of the Board and management, I would like to thank our employees across the Group for their continued dedication and support, without which we could not have achieved the good results for the year. I also wish to convey our appreciation to our customers, business partners, and other stakeholders; we are grateful for your continuing support.

Tan Sri Datuk Oh Siew Nam
Chairman

23 March 2023

MANAGING DIRECTOR'S REVIEW



Lim Soon Huat
Managing Director

Dear Shareholders,

In 2022, Malaysia's economy strengthened with the reopening of international borders and the transition to the endemic phase of COVID-19. This had positively impacted various industries, trade and investment-related services. However, world economic activities were adversely affected by monetary policy tightening, surging inflation, fiscal restraints, and the continuing Russian-Ukraine war.

Despite the global and domestic economic challenges, the PPB Group had achieved a commendable performance in 2022. All key segments contributed positively to the increase in revenue and profitability of the Group, coupled with a higher contribution from Wilmar International Limited.

ECONOMIC AND OPERATING ENVIRONMENT IN 2022

Overall, the Malaysian economy expanded by 8.7% in 2022. Private sector activity remained the key driver of growth, supported by private consumption, investments and improving labour market conditions. Although exports moderated in line with weaker external demand, the services and manufacturing sectors had continued to drive economic recovery.

The Group's performance improved in tandem with the recovery in economic and business activities, with all our core segments performing better. We will continually enhance operational efficiencies while instilling a culture of excellence.

GRAINS AND AGRIBUSINESS SEGMENT

The Grains and Agribusiness segment is the major contributor to the Group's revenue. This segment comprises flour milling, feed milling, corn trading and livestock farming, contributing 74% of the Group's revenue and 3% of profit in FY2022.

FFM Berhad ("FFM") Group, an 80% subsidiary of PPB, owns and operates nine flour mills, of which five are located in Malaysia, two in Vietnam and one in Indonesia, with a total flour milling capacity of 6,870 mt/ day. In Thailand, the Group operates a 670 mt/ day flour mill through its 43.4% associate, Kerry Flour Mills Limited. FFM also has 20% interest in eight associates in China, which have a combined flour milling capacity of 18,950 mt/ day.

FFM owns and operates five feed mills across Malaysia, with a total milling capacity amounting to 66,000 mt/ month.

MANAGING DIRECTOR'S REVIEW

The livestock farming operations comprise a layer farm in Trong, Perak and two breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah. The production capacity of the Trong layer farm is estimated at 20.5 million eggs per month, while the breeder farms have a combined production capacity of about 3.05 million chicks per month.

Flour Milling

FFM Group's revenue growth in 2022 was mainly driven by improved selling prices for flour and by-products from all flour mills. However, the quantum of increase was insufficient to offset the impact of the unprecedented high wheat costs, hedging losses in an extremely volatile commodity market and supply disruption caused by the Russia-Ukraine war.

As a result, producers were seeking alternative sources of wheat to mitigate rising production costs. Moving forward, we foresee growth in the domestic market going into 2023 as manufacturers increase production to cater to a higher demand. We plan to expand our market share by focusing on sales growth to institutional clients without compromising on product quality. This will be our core pillar of growth for 2023.



▲ VFM-Wilmar Flour Mills' 1,000 mt/day wheat flour mill in northern Vietnam

Animal Feed Milling

The Animal Feed Milling business environment remains challenging due to market segment contraction as many major customers switched to home mixing or toll milling to cut costs. This has compounded the already difficult situation when independent farmers had adopted integrated farming to stay relevant and competitive which impacted the businesses of independent feed millers.

The consolidation of the poultry farming industry led to intense and increasing market competition in the feed milling industry. The division has taken steps to mitigate these challenges by improving procurement efficiency for greater effectiveness whilst focused on delivering better high-quality feed at competitive prices and value. Concentrated efforts will be made to widen our customer base to avoid dependence on a few key customers and expand our reach in the market.

We will continue to explore other means to mitigate pressures from the poultry farming sector by diversifying the feed products to other segments such as ruminant feed, and to seek opportunities for growth in downstream and through product diversification.

Livestock Farming

In 2022, the supply of broiler chickens to Singapore decreased to an average of 70,000 to 75,000 birds per day, which represented a 50% decline from previous levels. The decline was caused by the Malaysian government's restrictions on exports, which was aimed to address local shortages due to increased incidences of poultry diseases and the pandemic, as well as the aggravated



▲ Automated palletising of flour cartons

MANAGING DIRECTOR'S REVIEW



▲ FFM Farms' layer farm in Trong, Perak

labour shortages affecting the industry. Currently, only 4.8% of broiler production in Peninsular Malaysia is exported to Singapore.

The egg production industry faced a similar situation in 2022, resulting in a significant shortage of egg supplies both domestically and for export to Singapore. To meet the local demand, Malaysia imported chicken eggs to address the country's egg supply shortage.

The local production of both table eggs and broiler chicken historically has exceeded demand, with approximately 9.4% of table eggs exported to Singapore and Hong Kong and 4.8% of broiler chickens exported to Singapore in the year.

Looking ahead, we will emphasize economies of scale in our operations to reduce production costs, by increasing product output.

Transition to COVID-19 Endemicity

The Grains and Agribusiness segment's growth prospects in the endemic phase remain uncertain due to ongoing geopolitical tensions and continuing supply chain disruption. These uncertainties will result in higher operations, distribution, and logistics costs.

The reopening of borders in transitioning to the endemic phase and the return of foreign workers have mitigated the acute labour constraints, enabling the division to improve its manpower management and sustain business operations.

Working capital has risen along with higher inventory holding cost. Borrowing costs have also increased due to higher interest rates and raw material prices.

Meanwhile, we will continue to be prudent in our credit control. Despite the volatility of commodity prices, our earnings prospects for this segment are expected to be satisfactory as we navigate this challenge.



▲ Chicken nuggets production at FFM Further Processing's factory in Pulau Indah, Selangor

CONSUMER PRODUCTS SEGMENT

The Consumer Products segment is the second-highest contributor to Group revenue. This segment encompasses the Consumer Products Distribution, Bakery and Food Processing businesses.

The Consumer Products Distribution division under FFM Marketing Sdn Bhd ("FMSB") has an established strong distribution network and currently distributes a wide range of fast-moving consumer goods ("FMCG") comprising both in-house and agency products.

FMSB presently operates 13 warehouses across Malaysia, with a total warehousing capacity of 450,000 sq. ft.

The Italian Baker Sdn Bhd ("TIB"), a wholly-owned subsidiary of FFM Berhad, operates a state-of-the-art industrial bakery in Pulau Indah, Klang. TIB currently has production lines consisting of 16,000 loaves-per-hour bread lines, a 24,000 rolls-per-hour roll line, a 15,000 pieces-per-hour cake line and a 6,000 buns-per-hour line.

The Group's food processing business under FFM Further Processing Sdn Bhd ("FFP") operates two production lines at Pulau Indah, producing premium ready-to-eat sausages, pan-fried nuggets and burgers for the Malaysian market.

Consumer Products Distribution

Two years after the outbreak of the pandemic, raw materials prices continued to rise putting pressure on our production costs. Our operations were unable to keep pace with the raw material price increases which led to higher product prices.

In addition to rising direct costs, labour expenditure had also impacted production costs due to the increase in minimum wage in Malaysia.

However, despite these challenges, the frozen food segment showed improved margins in the second half of 2022 after an increase in product prices.

Bakery

TIB continued to generate higher revenue in 2022 than the previous year. The bread market during the year remained stable.

However, the market is expected to face increased competition in 2023, with more participants including expansion of artisan bakeries. TIB plans to meet this challenge by further increasing efficiency, controlling costs, introducing more unique products, and expanding distribution channels.

Food Processing

The Food Processing division faced similar challenges as the Consumer Products Distribution division namely, labour shortage, inflation, higher interest rates and supply instability.

Going into 2023, FFP will continue to innovate and add new products to its portfolio in meeting food service, and retail demand. We expect a challenging year in 2023, marked by cost pressures and tight operational margins but with prudent cost management and production optimisation, we can stay efficient and competitive.

Transition to COVID-19 Endemicity

The Consumer Products segment continued to face higher operational costs as we maintained stringent health and safety measures such as sanitisation, medical screenings and equipping the workplace with adequate hygiene facilities. This segment recorded higher earnings despite increasing raw material, logistics and labour costs, and weaker exchange rates.

FILM EXHIBITION AND DISTRIBUTION SEGMENT

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia. As at 31 December 2022, we operate 52 cinemas with 491 screens in major cities and towns nationwide.

In Vietnam, our 40% associate, Galaxy Studio Joint Stock Company, operates at 19 locations with a total of 111 screens.

A Blockbuster Year

Global box office collection improved by 27% in 2022 with the normalisation in supply of movies and the release of more blockbusters. Malaysia's box office collection increased significantly to RM630.1 million in 2022 as compared to RM131.2 million in 2021.



▲ Golden Screen Cinemas, Tropicana Gardens Mall, Petaling Jaya

MANAGING DIRECTOR'S REVIEW

The film industry showed positive recovery during the year with fully opened cinemas and the return of major Hollywood movies. Blockbuster movies such as "Doctor Strange in The Multiverse of Madness", "Jurassic World: Dominion", and "Avatar: The Way of Water", were some of the strong performing movies at the box office.

The locally-produced movie "Mat Kilau" performed exceptionally well and was the number one movie in Malaysia in 2022. It achieved a gross box office collection of RM89 million equivalent to 12% of Malaysia's net box office. Other locally-produced movies also contributed significantly to the recovery, and this gives GSC greater confidence to invest further in local productions.

Looking Ahead

Going forward into 2023, GSC is on track to carry out major refurbishments at some of its cinemas in Malaysia which includes additional hall types and upgrading of halls. These enhancements will refresh and improve the quality of cinematic offerings for a better competitive edge.

With a strong movie line-up and opening of new cinemas, we anticipate a continued positive trend in the industry. The growth of this segment is expected

MANAGING DIRECTOR'S REVIEW

to be further enhanced with the release of more tentpole movies coupled with strong consumer sentiment and confidence.

We foresee the need and demand for fresh original content to invigorate the local film industry and increase local film output. To this end, GSC has invested in two co-productions in 2022 which will be released over the next 12 months.

Transition to COVID-19 Endemicity

The Film Exhibition and Distribution segment's recovery accelerated in 2022 as cinemas were allowed to operate fully during the year. A five-fold increase in admissions and box office collections were the main contributing factors for the return to profitability of the Malaysian operations of this segment.

The completion of the new cinema acquisitions and expanded cinema circuit at key urban centres are anticipated to contribute positively to revenue growth and strengthening of operational resilience. We will continue to invest in local content to maintain a steady supply of movie titles.

PROPERTY SEGMENT

PPB Properties, the property division of PPB Group Berhad, has established itself as a reliable developer of residential, retail and commercial properties. Its investment properties in Klang Valley



▲ The Whiteaways Arcade in Georgetown, Penang



▲ Megah Rise Residensi in Taman Megah, Petaling Jaya

include Cheras LeisureMall and Cheras Plaza.

In the northern region, PPB Properties is the developer of Taman Tanah Aman in Bukit Tengah, Seberang Perai and a mixed residential development known as Taman Sinar Mentari in Bedong, Kedah. The Group also owns New World Park and The Whiteaways Arcade in Georgetown, Penang.

Our latest development, Megah Rise, is a high-rise mixed development in the mature neighbourhood of Taman Megah, Petaling Jaya. The development was completed in July 2022, and the retail mall of Megah Rise opened its doors in December 2022.

The Property segment also provides other property-related services to projects and properties such as The LINC in Kuala Lumpur and Southern Marina in Iskandar Puteri, Johor.

OPERATIONS REVIEW

Retail

As the country transitioned to the endemic phase, retail businesses have seen positive sales growth after the cessation of movement control orders

(MCO). The mall's footfall is gradually increasing to approximately 70% of the pre-pandemic level.

Retailers are actively looking for strategic retail spaces for business expansion. Most F&B retailers plan to open standalone shops or locations with alfresco dining in the mall, while non-F&B retailers are considering opening flagship stores or pop-ups in malls.

E-commerce is undoubtedly here to stay; however, more shoppers are returning to physical stores for social and recreational activities.

The retail business remains challenging with increased operation costs contributed by several factors such as labour shortages, the implementation of minimum wages, weak Malaysian currency, high inflation and supply chain disruption.

Property

The past year has seen a sharp increase in property development and construction costs due to high inflationary pressures and supply chain disruption. Additionally, the industry saw increased competition with the launch of many new properties.

MANAGING DIRECTOR'S REVIEW

PPB Properties plans to launch a new phase of landed homes at the end of 2Q2023 in our Bedong township development, previously known as Taman Sinar Mentari and now rebranded as Lumina Bedong, Kedah. The first phase of the Lumina Bedong will feature 221 units of single-storey & 1½-storey terrace houses.

Looking Ahead

The property industry is cautiously optimistic for a slow recovery, with renewed confidence gradually emerging in a post-pandemic market. However, this will be partly negated by high interest rates environment and higher construction costs.

PPB Properties plans to acquire more strategic land banks and establish partnerships with reputable industry players and landowners. We will explore new and innovative products in light of changing lifestyles in a post-pandemic market.

As for the retail property segment, the retail and food & beverage sectors are expected to continue its recovery in 2023, which will provide opportunities and incentives for malls to improve occupancy and rental yields and create new customer experiences.

Transition to COVID-19 Endemicity

The transition to the endemic stage has provided some stability in the retail market, with footfall gradually catching up to pre-pandemic levels. Malls, in particular, are showing signs of better recovery from the pandemic, as they host a variety of events and activities to attract customers.

The property market sentiment in Malaysia is gradually recovering, with prospective buyers looking for properties that offer expansive built-up area and better use of space.

GROUP FINANCIAL PERFORMANCE

	2022 RM'000	2021 RM'000
Revenue	6,257,395	4,857,430
Profit before tax	2,250,424	1,498,073
Profit attributable to shareholders	2,196,818	1,496,111
Earnings per share (sen)	154.43	105.17

The Group achieved total revenue of RM6.26 billion, 29% higher than FY2021, as all core segments recorded higher revenue.

Pre-tax profit increased by 50% to RM2.25 billion. Our main business, Grains and Agribusiness, recorded an increase in profit by 21% to RM74 million; whilst *Film Exhibition and Distribution* recorded a lower loss of RM17 million. Contribution from our 18.8%-owned associate, Wilmar International Ltd ("Wilmar") increased by 40% to RM2.10 billion. Profit attributable to shareholders amounted to RM2.20 billion, with earnings per share at RM1.54, a 46.8% increase from the previous financial year.

FINANCIAL PERFORMANCE BY BUSINESS SEGMENTS

Grains and Agribusiness

	2022 RM'000	2021 RM'000
Segment revenue	4,655,906	3,688,799
Segment profit	74,329	61,522

Segment revenue was higher at RM4.66 billion, up 26% from the previous financial year. The segment recorded an increase in profit by 21% to RM74 million. The improved performance was largely due to a more stable grain commodity market.

MANAGING DIRECTOR'S REVIEW

Consumer Products

	2022	2021
	RM'000	RM'000
Segment revenue	751,118	643,798
Segment profit	33,607	6,543

Segment revenue was up 17% to RM751 million (FY2021: RM644 million). Segment profit for FY2022 was at RM33.6 million (FY2021: RM6.5 million). This was mainly attributable to higher sales of bakery and other fast-moving consumer products.

Film Exhibition and Distribution

	2022	2021
	RM'000	RM'000
Segment revenue	514,809	116,470
Segment loss	(17,088)	(113,278)

Segment revenue increased significantly to RM515 million (FY2021: RM116 million). The segment recorded lower losses at RM17 million (FY2021: RM113 million). This included an impairment on investment in an associate in Vietnam amounting to RM27 million; excluding that, the segment recorded a profit of RM10 million in FY2022. A five-fold increase in admissions and box office collections were the main contributing factors for the return to profitability of the Malaysian operations of this segment.

Property

	2022	2021
	RM'000	RM'000
Segment revenue	140,959	114,267
Segment profit	34,909	14,825

Segment revenue and profit was higher at RM141 million (FY2021: RM114 million) and RM35 million (FY2021: RM15 million) respectively. The higher profit was mainly attributable to new sales and progressive profit recognition from the completed Megah Rise residential project as well as improvement in overall mall business performance.

Discontinued Operations

During the year, the Group disposed of its entire 100% equity interest in CWM Group Sdn Bhd. With the disposal, the Group has exited from the environmental engineering and utilities business.

Group Financial Position

	2022	2021
	RM'000	RM'000
Total assets	28,932,677	27,397,162
Total liabilities	2,364,169	2,216,859
Net assets	25,830,841	24,431,488
Net assets per share (RM)	18.16	17.17

The Group's total assets increased by 5.6% to RM28.9 billion as at 31 December 2022. This was mainly attributable to the increase in the share of net assets from Wilmar.

MANAGING DIRECTOR'S REVIEW

Group total liabilities increased by 6.6% to RM2.36 billion as at 31 December 2022. The increase was mainly due to an increase in borrowing by RM245 million to RM1.35 billion, partially offset by a decrease in trade payables by RM101 million to RM225 million.

Net assets per share stood at RM18.16 as at 31 December 2022.

Group Cash and Cash Equivalents

Group cash and cash equivalents increased by RM291 million to RM1.59 billion as at 31 December 2022 (FY2021: RM1.30 billion).

Group Bank Borrowings

Group bank borrowings increased by RM245 million to RM1.35 billion as at 31 December 2022. 87% of the Group's bank borrowings are trade finance-related facilities.

All the banking facilities carry variable interest rates.

90% of the Group's bank borrowings are unsecured in nature.

68% or RM917 million are foreign currency-denominated working capital loans for grains procurement and the foreign operations of the Grains and Agribusiness segment, these are mainly in United States Dollars, Indonesian Rupiah and Vietnamese Dong.

Group Capital Expenditure

The Group incurred total capital expenditure of RM167 million during the financial year ended 31 December 2022.

The major areas of spend are as follows:

- RM60 million in the Film exhibition and distribution segment mainly for the construction of new cinemas and upgrading of existing cinemas;
- RM49 million in the Property segment, mainly for the construction of investment properties;

- RM41 million in the Grains and agribusiness segment, mainly for the construction and upgrading of plant machinery and equipment; and
- RM14 million in the Consumer products segment, mainly for the purchase of trucks and upgrade of factory equipment.

ANALYSIS OF THE GROUP'S TOP RISKS

For a conglomerate like the PPB Group, identification and management of risks are important to ensure business sustainability. Therefore, minimal disruption to the value creation process is imperative. The Group has identified the following top six risks that must be managed to ensure its continued long-term success:

1. Reliance on certain income streams

The PPB Group has an 18.8%-stake in Wilmar. For FY2022, it relied to a large extent on contributions from Wilmar to meet one of its key objectives, which is to reward shareholders with sustainable and consistent dividends. The Group therefore, invests in and expands its other business segments both domestically and overseas, while continually seeking investment opportunities to diversify its portfolio and income stream.

2. Compliance with regulatory requirements

The PPB Group places high priority on compliance with relevant regulatory requirements. As such, the Group endeavours to create awareness and equip employees through relevant training and engagement of industry specialists for advice on compliance matters.

3. Health and safety hazards

The nature of certain business segments in the Group may expose our employees to health and safety hazards. To foster a safe and healthy work environment, we take a range

of actions including safety awareness and training sessions for employees and other stakeholders, appointment of OSH Coordinators, the formation of OSHA committees and stringent enforcement of OSHA requirements.

4. Foreign exchange risk

The fluctuation of the Ringgit has presented challenges to the PPB Group as most of the raw materials for the grains and agribusiness segment, film rights purchases and overseas investments are denominated in foreign currencies. The Group monitors currency fluctuations closely and hedges part of its exposure.

5. Fluctuation of commodity prices

Some of the raw materials used in the Group's production are traded in the commodities market, which are exposed to price fluctuation risks. Changes in consumer demand, extreme weather changes, and geopolitical tensions are amongst some circumstances that can influence commodity prices. It is critical to secure raw materials at favourable prices for the Group to remain competitive and profitable. The Group closely monitors commodity price movements and hedges its exposure appropriately to preserve its margin.

6. Supply chain disruption risk

Disruptive worldwide events such as adverse weather, labour shortages and geopolitical tensions expose the Group to supply chain disruption risks. The Group recognises the need for our supply chains to be resilient. To mitigate the impact, action being taken includes close monitoring of global supply and demand, implementing strategic procurement of raw materials, diversifying supply sources and optimising operational efficiencies through our Group's extensive procurement experience and technical competency.

MANAGING DIRECTOR'S REVIEW

GROUP OUTLOOK & PROSPECTS FOR 2023

As reported, the Malaysian economy grew at a slower rate of 7.0% in the fourth quarter of 2022 (3Q2022: 14.2%) as support from the stimulus measures and low base effect waned. Private sector activity remained the key driver of growth, supported by private consumption and investment. Overall, the Malaysian economy expanded by 8.7% in 2022.

For 2023, the Malaysian economy is expected to expand at a more moderate pace at 4.5%, amid a challenging external environment. The slowing global growth and weakening demand will see domestic demand remaining as the key driver of growth, supported by the continued recovery in the labour market and realisation of multi-year investment projects.

Performance of the Grains and Agribusiness segment improved as grain commodity prices stabilized, particularly in the second half of 2022. We expect grain commodity prices to remain volatile given the uncertain weather conditions in the major grains-growing countries and the on-going Russian-Ukraine war. To navigate the challenges ahead, the segment will continue to leverage on its market intelligence to drive procurement and operational efficiencies. We expect the segment to deliver a satisfactory performance in 2023.

The Consumer Products segment has performed well in 2022 and is expected to improve amid recovery of consumer spending. The segment will continue to improve operational efficiencies through its integrated marketing system and established nation-wide distribution network in distributing a widely-accepted range of necessities, and in expanding its range of consumer products.

The Malaysian operations of the Film Exhibition and Distribution segment closed on a positive note in the fourth quarter of 2022, attributable mainly to better performance of several major blockbusters during the holiday season. For 2023, we expect performance of the segment to improve further with the release of more tentpole movies, and support from positive consumer sentiments and confidence.

The Property segment will continue to focus on planned development projects in Kedah and Penang, as well as enhancing our malls' performance. We expect the segment to perform satisfactorily.

Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

23 March 2023



GROUP FINANCIAL HIGHLIGHTS

	2022 RM'Million	2021 RM'Million	Change %
INCOME STATEMENT			
Revenue	6,257*	4,857*	28.8
Profit before taxation	2,250*	1,498*	50.2
Profit after taxation	2,220	1,507	47.3
Profit attributable to owners of the parent	2,197	1,496	46.9

STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the parent	25,831	24,431	5.7
Total equity	26,569	25,180	5.5

RATIOS			
Return on equity attributable to owners of the parent (%)	8.5	6.1	
Earnings per share (sen)	154.43	105.17	
Debt to equity ratio (times)	0.05	0.05	
Net assets per share (RM)	18.16	17.17	
Dividend per share (sen)	40	35	
Share price - 31 December (RM)	17.44	17.10	

* Including discontinued operations

5-YEAR GROUP FINANCIAL STATISTICS

Year ended 31 December		2022	2021	2020	2019	2018
Revenue	RM'Million	6,257*	4,857*	4,191	4,684	4,528
Share of results of associates	RM'Million	2,178	1,573	1,343	1,040	920
Profit before taxation	RM'Million	2,250*	1,498*	1,421	1,272	1,168
Profit for the year	RM'Million	2,220	1,507	1,363	1,199	1,103
Dividend for the financial year	RM'Million	569	498	654	441	398
Issued and paid up share capital	RM'Million	1,429	1,429	1,429	1,429	1,429
Equity attributable to owners of the parent	RM'Million	25,831	24,431	22,819	21,435	21,040
Total assets	RM'Million	28,933	27,397	24,884	23,580	23,245
Total borrowings	RM'Million	1,347	1,103	481	361	489
Earnings per share	Sen	154.43	105.17	92.57	81.02	75.57

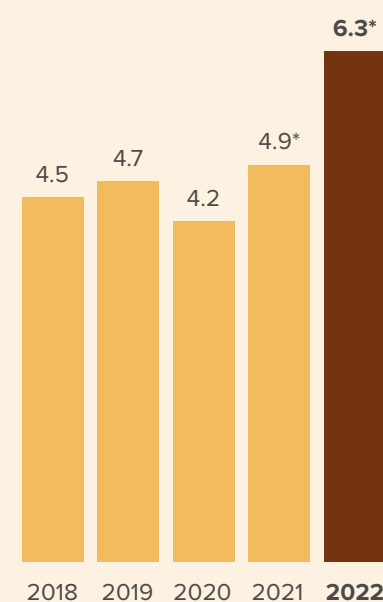
FTSE Bursa KLCI Quotes

31 December closing price	RM	17.44	17.10	18.52	18.84	17.58
No. of shareholders		9,108	9,199	9,080	8,989	9,025

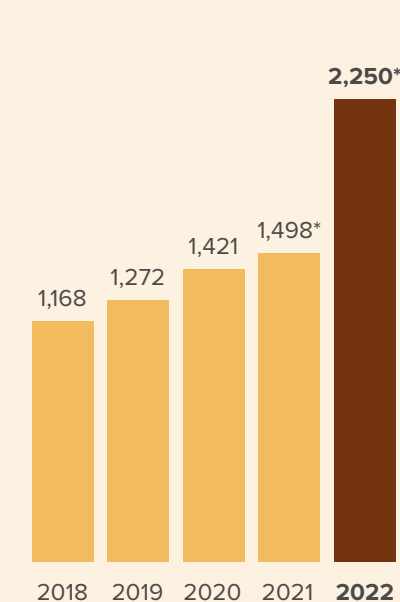
* Including discontinued operations

5-YEAR STATISTICS HIGHLIGHTS

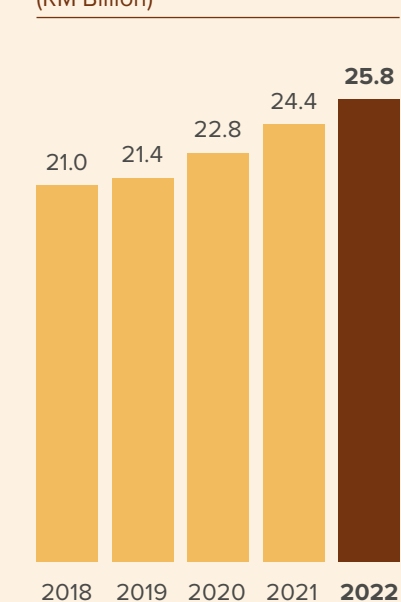
REVENUE (RM' Billion)



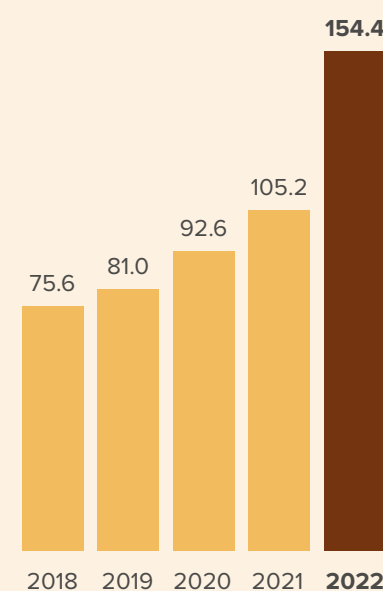
PROFIT BEFORE TAXATION (RM' Million)



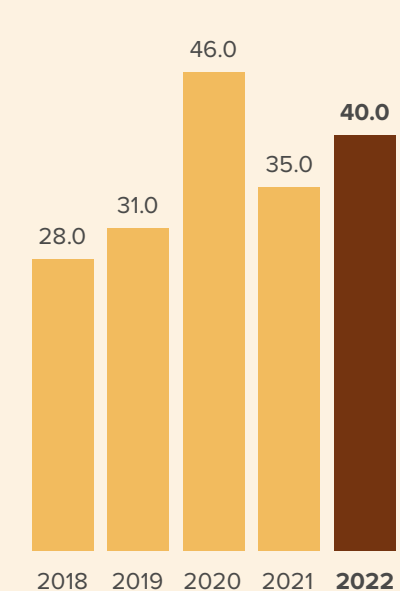
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM' Billion)



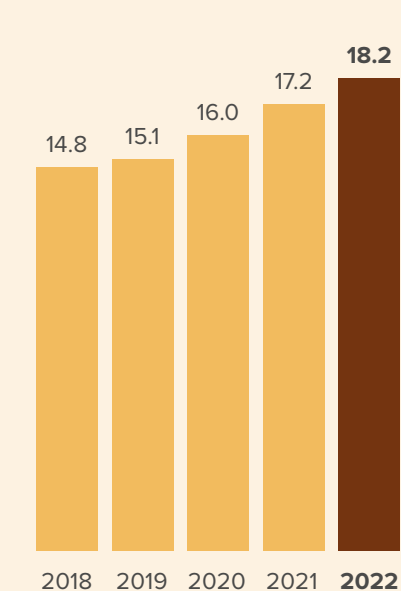
EARNINGS PER SHARE (Sen)



DIVIDEND PER SHARE (Sen)



NET ASSETS PER SHARE (RM)



* Including discontinued operations