B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:

a. Review on statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding year (3 months)

The worldwide COVID-19 global pandemic has impacted the global economy adversely, across all industries including healthcare. The enforcement of Movement Control Order ("MCO") on 18 March 2020 has resulted in a reduction of patient volumes due to patients opting to postpone non-urgent and non-essential treatment and defer visits to hospitals and healthcare facilities. This is evidenced by the decrease in patient numbers and bed occupancy rate ("BOR") especially in April and May 2020 of 25% and 32% respectively. However, upon implementation of the Recovery Movement Control Order ("RMCO") which commenced on 10 June 2020, the Group saw an improvement in occupancy levels. This was evidenced by the increase in average monthly BOR to an average of 51% in the current quarter.

The period post MCO and RMCO has seen a gradual improvement of our business activities, however, this increase is yet to surpass our performance in the same period in 2019. For the quarter ended 30 September 2020, the Group revenue of RM850.7 million is 7% lower as compared to RM919.1 million in the same quarter in 2019. The average BOR for three months period ended 30 September 2020 was recorded at 51%, a decrease from 73% for the same period in 2019. Patient visits during this period was recorded at 736,265 patients, an 11% decrease from 827,736 patients in 2019. During the quarter, despite the reduction in the hospital revenue, the laboratory revenue from Lablink recorded an increase by 17%, which has soften the impact total revenue drop for the Group.

The decline in the Group revenue has affected the EBITDA and profit before tax for the 3 months ended 30 September 2020, at RM152.2 million and RM56.1 million, respectively, 2% and 19% lower as compared to RM154.7 million and RM69.7 million in the same period in 2019. The decline was impacted by the lower activities in hospital operations. In managing the financial impact and ensuring business sustainability, the management continued to focus on cost efficiency, greater disciplined in spending and fully optimised benefits received from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan unveiled by the Malaysian government.

Malaysia

Revenue from Malaysia segment registered at RM819.3 million in current quarter ended 30 September 2020, 7% lower in comparison to RM876.5 million in quarter 3, 2019. The decreased was due to the lower number of patients. Malaysia segment's EBITDA closed at RM155.5 million, slightly above from RM155.2 million in the same period in 2019 and the profit before tax was recorded at RM69.7 million, 11% lower as compared to RM78.6 million reported for the third quarter in 2019.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:

a. Review on statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding year (3 months) (continued)

Others

COVID-19 global pandemic has similarly affected Others segment as well. The revenue for the three months ended 30 September 2020 was reported at RM31.4 million, 26% decrease from RM42.6 million recorded in the same period ended 30 September 2019. Others segment also reported a negative EBITDA at RM3.4 million in the third quarter of 2020 against RM0.5 million reported in the same period of the preceding year. Meanwhile, loss before tax was RM13.6 million for the 3 months ended 30 September 2020, 51% higher as compared to RM9.0 million in the corresponding quarter of the preceding year.

b. Review on statements of comprehensive income for current financial period compared to prior financial period (9 months)

The worldwide COVID-19 global pandemic has impacted the global economy adversely, across all industries including healthcare. The enforcement of MCO on 18 March 2020 has resulted in a reduction of patient volumes due to patients opting to postpone the non-urgent and non-essential treatment and deferred visits to hospitals and healthcare facilities. This is evidenced by the decrease in patient numbers and BOR especially in April and May 2020 with 25% and 32% respectively. However, upon implementation of the RMCO which commenced on 10 June 2020, the Group saw the operation activities improving. This was evidenced by the increase in average monthly BOR to average of 51% between July to September 2020.

The Group revenue for the period ended 30 September 2020 was reported at RM2,361.5 million, 11% decreased as compared to RM2,660.4 million was largely affected by the lockdown period during the second quarter. The COVID-19 global pandemic has impacted KPJ's business activities with lower patient episodes and lower BOR at all of its hospitals. The Group's patients visit declined by 9% to 1.9 million for the 9 months period ended 30 September 2020 from 2.1 million during the same period in preceding year. Meanwhile the average Group's BOR has declined to 50% for 9 months period in 2020 from 77% as at September 2019. However, the Group has seen gradual recovery with average Group's BOR per quarter to reach 51% in the third quarter 2020 against its lowest BOR in the second quarter at 34%. During the period, despite the reduction in the hospital revenue, the laboratory revenue from Lablink recorded an increase by 28%, which has soften the impact on total revenue drop for the Group.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

b. Review on statements of comprehensive income for current financial period compared to prior financial period (9 months) (continued)

The EBITDA and profit before tax for the Group in the current period recorded at RM417.2 million and RM130.2 million respectively, decreased by 9% and 34% from RM459.9 million and RM197.1 million respectively in the same period in preceding year. The decrease in the Group performance was contributed by the lower activities in hospital operations during the MCO and RMCO period and coupled with several expenses, such as staff costs, interest on lease liabilities, borrowing costs and depreciation which remain fixed despite the decline in business activities. On the other hand, the management had focused on cost optimisation and fully optimised benefits received from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan unveiled by the Malaysian government, which softened the impact to its profit during the crisis period.

Malaysia

The Malaysia segment's revenue contributed to 96% of the total Group Revenue for period ended 30 September 2020 reported at RM2,261.9 million, 11% decrease as compared to RM2,536.2 million recorded for the same period in 2019. The reduction in number of outpatients and inpatients by 163,184 patients and 51,657 patients respectively along with decrease in BOR from 68% in first 9 month in 2019 to 50% in 2020, has impacted the revenue in Malaysia segment.

EBITDA for this segment in current period was registered at RM410.1 million, 8% lower as compared to RM444.5 million reported for the same period ended 30 September 2019. Meanwhile, profit before tax for period ended 30 September 2020 stood at RM152.8 million, decrease by 27% in contrary to RM208.7 million reported in the corresponding year. The shortfall in Malaysia segment's EBITDA and profit before tax were contributed by the additional expenses incurred to implement COVID-19 precautionary and safety measures at its hospitals on top of fixed overheads such as depreciation and staff costs. Furthermore, the new hospitals namely KPJ Bandar Dato' Onn, KPJ Batu Pahat, KPJ Perlis and KPJ Miri, which remained under gestation period has contributed losses to the Group resulting to lower EBITDA and profit before tax for Malaysia segment.

Others

Others segment revenue for 9 month in 2020 of RM99.6 million was recorded at 20% behind the revenue for the same period in corresponding year of RM124.1 million. This decline was contributed by the operation in Indonesia, which had decreased to 50% in number of patient to 48,675 from 93,908 in 2019.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

b. Review on statements of comprehensive income for current financial period compared to prior financial period (9 months) (continued)

Others (continued)

On the same note, Jeta Gardens's occupancy rate fall from 83% in the period ended 30 September 2019 to 77% for the same period in 2020 resulting its revenue to decrease by 7% or RM2.8 million. The EBITDA for Others segment was reported at RM7.1 million for the period ended 30 September 2020, a 54% lower as compared to RM15.4 million reported in the same period in 2019. Meanwhile, loss before tax was posted at RM22.6 million in the 9 months of 2020 against RM11.6 million in the corresponding period.

c. Review on statements of financial position for current financial period compared to prior financial period

Group

The Group's total assets as at 30 September 2020 reported at 3% higher with RM5,973.4 million in comparison with RM5,794.3 million as at 30 September 2019. Meanwhile, the Group's total liabilities as at 30 September 2020 was RM 3,871.5 million, 2% higher as compared to RM3,803.0 million as at 30 September 2019. The opening of new hospital buildings by KPJ Ampang Puteri and KPJ Seremban have contributed to the increase in total assets as at 30 September 2020. The total liabilities increased due to additional drawdown of Islamic Medium Term Notes ("IMTN") of RM100.0 million on 21 September 2020. The net current liabilities for the Group has increased to RM128.6 million due to the reclassification of prior tranche of IMTN amounting RM250.0 million, which now become current as its due date for repayment is less than 12 months.

Malaysia

Malaysia segment recorded an increase of 4% in its total assets from RM5,205.0 million as at 30 September 2019 to RM5,413.6 million as at 30 September 2020 mainly from the addition of property, plant and equipment, new hospital building and medical equipment.

Total liabilities for Malaysia segment as at 30 September 2020 was closed at RM3,467.2 million, 3% higher as compared to RM3,353.4 as at 30 September 2019 contributed dominantly by recognition of lease liabilities by KPJ Batu Pahat upon its leasing transactions with Al-'Aqar Healthcare REIT during the current period.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

c. Review on statements of financial position for current financial period compared to prior financial period

Others

Others segment's total assets and total liabilities as at 30 September 2020 closed at RM559.7 million and RM404.3 million respectively in comparison to the total assets and total liabilities recorded as at 30 September 2019 of RM589.3 million and RM449.7 million respectively. Total assets and total liabilities for Others segment mainly derived from Indonesian and Australian operations. The decline of business operations in PT Al-Aqar Bumi Serpong Damai, Rumah Sakit Medika Permata Hijau and Jeta Gardens resulted to a decrease of 5% and 10% to the Others segment's total assets and total liabilities.

d. Review on statements of cash flows for current financial period compared to prior period (9 months)

Group

The net cash generated from operating activities is RM229.9 million, decreased by 42% as compared to the same period in corresponding year which reported at RM395.3 million which was mainly due to decline in hospital business activities during the pandemic which resulted to the lower cash generated in operating activities.

Cash outflows from investing activities was used for purchase of property, plant and equipment especially for development and expansion of hospital buildings, such as KPJ Penang and KPJ Puteri, and significant inflows of cash within investing activities was dividend received from associates mainly from Al-'Aqar Healthcare REIT amounted to RM10.7 million.

The cash inflows from financing activities were generated from drawdown of borrowings amounting to RM177.3 million specifically from the issuance of IMTN of RM100.0 million, government grant received by KPJ Selangor amounting to RM3.0 million and issuance of shares through ESOS amounting to RM2.5 million. The cash outflows were mainly for repayment of borrowings, payment of lease liabilities and dividends to shareholders amounting to RM72.0 million, RM85.9 million and RM55.6 million respectively.

The cash and cash equivalents at the end of the period decreased to RM288.8 million as compared to RM392.6 million in the corresponding period, mainly contributed by the reduction in cash generated from operating activities due to lower hospital activities, as a result of MCO and RMCO due to COVID-19 global pandemic.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended 30.09.2020	Quarter ended 30.06.2020	Var
	RM'000	RM'000	%
Revenue	850,708	626,624	36
Operating profit	86,943	51,633	68
EBITDA	152,189	112,023	36
Profit before tax	56,133	18,968	>100
Net profit for the financial period	35,577	10,933	>100
Total comprehensive income for the financial period	35,577	10,933	>100
Profit attributable to Owners of the Company	33,968	12,657	>100
No. of inpatient (episode)	65,125	43,330	50
No. of outpatient (episode)	671,140	512,712	31

The implementation of RMCO commenced on 10 June 2020, has opened to more leniency and facilitated patients to visit our hospitals, which led the Group's performance to steadily improve via the increase in the number of patients in the quarter 3, 2020 by 180,223 patients in comparison with 556,042 patients in quarter 2, 2020. In line with this, the Group revenue rose by 36% from RM626.6 million in the second quarter to RM850.7 million in the current quarter. This was contributed by the significant increase in surgeries cases by 52% to 22,858 cases in the third quarter of 2020. The average BOR for current quarter is at 51%, improved from only 34% in the preceding quarter. In line with the improved hospital business activities, the Group's EBITDA of RM152.2 million and profit before tax of RM56.1 million has improved significantly by 36% and more than 100%, respectively.

B3 CURRENT YEAR PROSPECTS

For the financial year ending 31 December 2020, the Group recognises that its performance will be adversely affected by the COVID-19 global pandemic which has caused widespread economic slowdown in Malaysia and globally. The Malaysian Government's MCO which commenced from 18 March till 3 May 2020, followed by Conditional Movement Control Order ("CMCO") from 4 May till 9 June 2020 and RMCO commencing 10 June till 31 August 2020 have made a significant impact to the operations of the Group. The Group is adapting to the new normal in this pandemic while gradually improving as businesses were allowed to operate with strict Standard Operating Procedures ("SOP") under this period.

The Group had taken advantage from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan unveiled by the Malaysian government, which had provided the Group immediate assistance such as wages subsidies programme, loan moratorium, tax incentives programme and rental rebates from Al-'Aqar Healthcare REIT for the lease of land and buildings.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

B3 CURRENT YEAR PROSPECTS (CONTINUED)

At the current rate of recovery and continuing uncertainties, the Group remains cautiously optimistic and will continue to focus on disciplined management of costs and efficient operational cash flows strategy. The Group expects the business environment to stay challenging towards the end of 2020. Hence, the Group will remain active in providing its core services and adding new areas of services such as tele-medicine and medication delivery services while continuously educating the public on the implemented SOP at all our healthcare facilities to ensure COVID-19 risk are appropriately managed.

B4 PROFIT FORECAST / GUARANTEE

The Company is not subject to any variance of actual profit from forecast profit/profit guarantee for the current period under review.

B5 TAX

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Income tax expense	20,556	20,965	43,144	61,150

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The effective tax rate of the Group for the current quarter and period ended 30 September 2020 were significantly above the statutory rate mainly due non-recognition of tax benefits arising from unutilised capital allowances and tax losses for companies under gestation period including KPJ Perlis, KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri.

B6 STATUS OF CORPORATE PROPOSALS

(a) Disposal of equity shareholdings in PT Khidmat Perawatan Jasa Medika ("KPJ Medika")

On 29 July 2020, a wholly-owned subsidiary of the Group, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), has entered into 2 separate Shares Sale and Purchase Agreements ("SSPA") with Mr Irfan Jasri and Ms Annie Trisusilo for the disposal of 80% of KPJSB's stake in KPJ Medika. The disposal involves sale of 15,999 shares to Mr Irfan Jasri and 1 share to Ms Annie Trisusilo for a total consideration of IDR96.0 billion or IDR6.0 million per share. As at date of the SSPA, the disposal is valued at RM28.0 million.

The proposed disposal of equity shareholdings in KPJ Medika has now completed, upon the approval from Ministry of Law and Human Rights, Republic of Indonesia on 21 October 2020.