

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

**Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has not perused the contents of this Circular prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia.**

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# pharmaniaga

**PHARMANIAGA BERHAD**

(Company No. 467709-M)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution pertaining to the above Proposal is set out in the Notice of the Company’s Twenty-First Annual General Meeting which is attached in the enclosed Annual Report. The Twenty-First Annual General Meeting is to be held at Mutiara Ballroom, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on 23 April 2019 at 9.00 a.m.

A Proxy Form is set out in the Annual Report of Pharmaniaga Berhad, for the financial year ended 31 December 2018. The Proxy Form must be deposited at the office of the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Sunday, 21 April 2019 at 9.00 a.m. The lodging of the completed Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Sunday, 21 April 2019 at 9.00 a.m.  
Date and time of the Twenty-First Annual General Meeting : Tuesday, 23 April 2019 at 9.00 a.m.

**This Circular is dated 25 March 2019**

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this circular:

- “Act” - Companies Act 2016 including all amendments made from time to time and any re-enactment thereof
- “AGM” - Annual General Meeting
- “Annual Report 2018” - Annual Report for the financial year ended 31 December 2018
- “Board” - Board of Directors of Pharmaniaga Berhad
- “BHB” - Boustead Holdings Berhad (3871-H)
- “Boustead Travel Services” - Boustead Travel Services Sdn Bhd (11708-P)
- “Bursa Malaysia” - Bursa Malaysia Securities Berhad
- “CMSA” - Capital Markets and Services Act, 2007, including all amendments made from time to time and any re-enactment thereof
- “Director” - Shall have the meaning given in Section 2(1) of CMSA and for the Proposal include any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a Director of Pharmaniaga or any other company which is its subsidiary or holding company; or chief executive of Pharmaniaga, its subsidiary or holding company
- “Listing Requirements” - Main Market Listing Requirements of Bursa Malaysia including any amendments, modifications and additions made there to from time to time and any Practice Notes issued in relation thereto
- “LPD” - 28 February 2019, being the latest practicable date which shall not be more than 30 days prior to the date of Circular
- “LTAT” - Lembaga Tabung Angkatan Tentera, a statutory body established under the Tabung Angkatan Tentera Act 1973
- “Major Shareholder” - A person who has (which includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon) an interest or interests in one or more voting shares in Pharmaniaga or any other company which is Pharmaniaga’s subsidiary or holding company, and the number or aggregate number of those shares, is :
- (a) 10% or more of the total number of voting shares in Pharmaniaga; or
- (b) 5% or more of the total number of voting shares in Pharmaniaga where such person is the largest shareholder in Pharmaniaga.
- For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
- “Mandate” - The shareholders’ mandate obtained for Pharmaniaga Group to enter into Recurrent Related Party Transactions

## DEFINITIONS (cont'd)

- “Pharmaniaga” or “the Company” - Pharmaniaga Berhad (467709-M)
- “Pharmaniaga Group” or “the Group” - Pharmaniaga and its subsidiary companies
- “Person Connected” - Shall be as defined in Chapter 1 of the Listing Requirements
- “Proposal” or “Proposed Renewal of Shareholders’ Mandate” - Proposed renewal of the 2018 Mandate
- “Recurrent Related Party Transactions” or “RRPT(s)” - Recurrent related party transaction(s) of a revenue or trading nature which is necessary for the day to day operations and is entered into by the Company or its subsidiaries in the ordinary course of business which involves the interest, direct or indirect, of a Related Party(ies)
- “Related Party(ies)” - A Director, Major Shareholder or a Person Connected with such Director or Major Shareholder
- “Related Party Transaction(s)” - Transaction(s) entered into by Pharmaniaga or its subsidiaries which involve(s) the interest, direct or indirect, of Related Party(ies)
- “2018 Mandate” - The shareholders’ mandate obtained on 11 April 2018 for Pharmaniaga Group to enter into RRPTs
- “2019 Mandate” - The shareholders’ mandate to be obtained at the Company’s forthcoming AGM for Pharmaniaga Group to enter into RRPTs during the Validity Period
- “Validity Period” - The validity period of the Proposal commencing from the passing of the ordinary resolution relating to the Proposal on 23 April 2019 until:
- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it shall lapse, unless the authority is renewed by a resolution passed at the said next AGM; or
  - (c) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) the 2019 Mandate is revoked or varied by resolution passed by the shareholders in a general meeting

whichever is earlier.

*Words importing the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender, shall, where applicable, include the feminine gender and vice versa. Words importing persons shall include corporations.*

*Any reference to any enactment is a reference to the enactment as for the time being amended or re-enacted. Any word defined under the Act and used in this Circular shall have the meaning assigned to it under the Act.*

*Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.*

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# pharmaniaga

## PHARMANIAGA BERHAD

(Company No. 467709-M)

(Incorporated in Malaysia under the Companies Act 2016)

### Registered Office:

28<sup>th</sup> Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur

25 March 2019

### The Board of Directors

1. Dato' Farshila Emran (Managing Director)
2. Mohd Suffian Haji Haron (Senior Independent Non-Executive Director)
3. Izzat Othman (Independent Non-Executive Director)
4. Lieutenant General Dato' Seri Panglima Dr Sulaiman Abdullah (Retired) (Independent Non-Executive Director)
5. Fahmy Ismail (Non-Independent Non-Executive Director) (Appointed on 1 January 2019)

### To: The Shareholders of PHARMANIAGA BERHAD

Dear Sir/Madam,

### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSAL")**

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#### **1 INTRODUCTION**

At the Twentieth AGM held on 11 April 2018, the Company obtained the 2018 Mandate for Pharmaniaga Group to enter into RRPTs. The 2018 mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the forthcoming AGM.

Accordingly, the Company had on 21 February 2019, announced its intention to seek shareholders' approval on the Proposal at the forthcoming AGM.

The purpose of this Circular is to provide you with information relating to the Proposal and to seek your approval on the ordinary resolution pertaining to the Proposal to be tabled at the forthcoming AGM. Notice of the AGM together with the Proxy Form is enclosed in the Annual Report 2018 of the Company.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS AND THE APPENDICES OF THIS CIRCULAR AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSAL.**

## 2 DETAILS OF THE PROPOSAL

### Provisions under the Listing Requirements:

Pursuant to Part E, Paragraph 10.09 of the Listing Requirements, listed issuers with share capital of RM60 million and above must immediately announce a Recurrent Related Party Transaction as follows:

- (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
- (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more

whichever is higher.

Paragraph 2.4 of Practice Note 12 states that where a listed issuer has obtained a shareholders' mandate in respect of any Recurrent Related Party Transaction, the above disclosure obligation will not apply to the Recurrent Related Party Transactions which are comprised in the mandate.

In its ordinary course of business, Pharmaniaga Group has entered and is anticipated to enter into recurrent transactions of a revenue or trading nature with the Related Parties for its day-to-day operation, the particulars of which are set out in Section 2.2 below.

Accordingly, the Company now proposes to seek its shareholders' approval for the Proposal to enable Pharmaniaga Group to enter into transactions with the Related Parties which are of a revenue or trading nature and necessary for its day-to-day operations, on terms not more favourable to the Related Parties than those generally available to the public, are not detrimental to the minority shareholders and made at arms' length and on normal commercial terms of the Pharmaniaga Group.

If approved at the forthcoming AGM, the Proposal will continue to be in force throughout the Validity Period.

### **2.1 Subsidiaries of Pharmaniaga and Principal Business Activities**

Pharmaniaga is principally an investment holding company and the principal activities of its subsidiaries are as follows:

No.	Name of Subsidiaries	Principal Activities	Pharmaniaga's Effective Interest (%)
1	Pharmaniaga Logistics Sdn Bhd	Distribution of pharmaceutical and medical products	100
	Subsidiary of Pharmaniaga Logistics: - Pharmaniaga Biomedical Sdn Bhd	Supply, trading and installation of medical and hospital equipment	100
2	Pharmaniaga Manufacturing Berhad	Manufacture and sale of pharmaceutical products	100
3	Idaman Pharma Manufacturing Sdn Bhd	Manufacture and sale of pharmaceutical products	100
4	Pharmaniaga LifeScience Sdn Bhd	Manufacture and sale of pharmaceutical products	100
5	Pharmaniaga Research Centre Sdn Bhd	Conduct research and development of pharmaceutical products	100
6	Pharmaniaga Marketing Sdn Bhd	Trading and marketing of pharmaceutical products	100
7	Pharmaniaga Pristine Sdn Bhd ("Pristine")	Retail Pharmacy	100
	Subsidiary of Pristine: - Paradigm Industry Sdn Bhd	Manufacture and sale of food supplement	80

No.	Name of Subsidiaries	Principal Activities	Pharmaniaga's Effective Interest (%)
8	Pharmaniaga International Corporation Sdn Bhd ("Pharmaniaga International")	Investment holding	100
	Subsidiary of Pharmaniaga International: - PT. Millennium Pharmacon International Tbk	Distribution and trading of pharmaceutical products, food supplements and diagnostic products in Indonesia	73.4
	- PT. Mega Pharmaniaga	Dormant	95
	- PT. Errita Pharma	Manufacture and sale of pharmaceutical products	96
9	Bio-Collagen Technologies Sdn Bhd	Research and manufacture of collagen medical devices (dressings) for wound management application for the pharmaceutical industry	70
10	Pharmaniaga Pegasus (Seychelles) Co Ltd	Dormant	100

## 2.2 PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

Existing Recurrent Related Party Transactions for which approval is now being sought for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM are as follows:

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of Transactions	2018 Mandate [As per Circular dated 13 March 2018]			2019 Mandate
	Provider	Recipient			Estimated value of transaction disclosed in 2018 Mandate#  (RM)	Actual value of transaction conducted pursuant to 2018 Mandate [as at LPD]# (RM)	Reason for deviation where the actual value of transactions exceeds the estimated value by 10% or more (if applicable)	Estimated value of transaction pursuant to 2019 Mandate#  (RM)
1	BHB	Pharmaniaga Group	<b>Major Shareholders</b> <ul style="list-style-type: none"> <li>▪ BHB <sup>1</sup></li> <li>▪ LTAT <sup>2</sup></li> </ul> <b>Directors</b> <ul style="list-style-type: none"> <li>▪ LWK <sup>3</sup></li> <li>▪ DE <sup>4</sup></li> <li>▪ FI <sup>5</sup></li> </ul>	Provision of corporate and administrative support services, internal audit function and training to Pharmaniaga Group	2,100,000	884,000	N/A	2,100,000

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of Transactions	2018 Mandate [As per Circular dated 13 March 2018]			2019 Mandate
	Provider	Recipient			Estimated value of transaction disclosed in 2018 Mandate <sup>#</sup>  (RM)	Actual value of transaction conducted pursuant to 2018 Mandate [as at LPD] <sup>#</sup> (RM)	Reason for deviation where the actual value of transactions exceeds the estimated value by 10% or more (if applicable)	Estimated value of transaction pursuant to 2019 Mandate <sup>#</sup>  (RM)
2	Boustead Travel Services, a wholly owned subsidiary of BHB	Pharmaniaga Group	<b>Major Shareholders</b> <ul style="list-style-type: none"> <li>▪ BHB <sup>1</sup></li> <li>▪ LTAT <sup>2</sup></li> </ul> <b>Directors</b> <ul style="list-style-type: none"> <li>▪ LWK <sup>3</sup></li> <li>▪ DE <sup>4</sup></li> <li>▪ FI <sup>5</sup></li> </ul>	Provision of travel agency services to Pharmaniaga Group	2,000,000	1,309,000	N/A	2,000,000

Note:

The estimated value of the 2019 Mandate may vary and subject to changes.

<sup>#</sup> The amounts are exclusive of 6% SST.

<sup>1</sup> BHB is a major shareholder of Pharmaniaga with direct shareholding of 56.24%.

<sup>2</sup> LTAT is a major shareholder in Pharmaniaga with direct shareholding of 11.23% and deemed interest of 56.24% by virtue of its shareholding in BHB pursuant to section 8 of the Act.

<sup>3</sup> LWK - Tan Sri Dato' Seri Lodin Wok Kamaruddin. He was the former Non-Independent Non-Executive Chairman of Pharmaniaga and Chief Executive of LTAT and, had resigned from the posts on 31 December 2018 and 7 September 2018 respectively. He was also the Deputy Chairman & Group Managing Director of BHB. Nonetheless, his service agreement with BHB as Managing Director had been mutually terminated with effect from 31 December 2018. As at LPD, he owns 52,257,805 BHB shares and 12,500,148 Pharmaniaga shares.

<sup>4</sup> DE - Daniel Ebinesan. He was a former Non-Independent Non-Executive Director of Pharmaniaga, and had since resigned on 31 December 2018. He was also the Advisor, Group Finance of BHB until 30 June 2018. As at LPD, he owns 309,170 BHB shares and 600,000 Pharmaniaga shares.

<sup>5</sup> FI - Fahmy Ismail. He is the Group Finance Director and Chief Operating Officer of BHB. He is also a Non-Independent Non-Executive Director of Pharmaniaga. As at LPD, he owns 100 Pharmaniaga shares.



### **2.3 AMOUNT DUE AND OWING TO PHARMANIAGA GROUP BY RELATED PARTIES**

There is no amount due and owing by the related parties to Pharmaniaga Group pursuant to the RRPTs which exceeded the credit terms as at 31 December 2018.

### **2.4 ESTIMATED VALUES OF TRANSACTIONS**

The estimated values of transactions are based on the current or estimated contract prices or rates agreed or to be agreed with the suppliers or customers. These prices and rates are negotiated on the normal level of transactions based on reasonable market-competitive prices, or actual cost incurred or to be incurred by the suppliers.

In the event the quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/ customers of similar products or services) the transaction price will be determined by and approved based on usual business practices by the respective Board of Directors of both the transacting entities to ensure that the price and terms of the RRPTs are not detrimental to the Group. In addition, the management of the transacting entities shall retain a proper documentation to support the basis in arriving at the relevant transaction prices.

The estimated values are further based on the assumptions that current level of operations will continue and all external conditions remain constant.

The frequency of the transactions will occur with some degree of frequency and could arise at any time.

### **2.5 REVIEW PROCEDURES FOR RECURRENT RELATED PARTY TRANSACTIONS**

Pharmaniaga Group has the following review procedures to ensure that the recurrent related party transactions are based on the normal commercial terms consistent with Pharmaniaga Group's usual business practices and policies, and are undertaken on transaction prices and on terms not more favourable to the Related Parties than those generally available to the public, and are not detrimental to the minority shareholders:

- (a) Pharmaniaga has limits of authority whereby different classes of transactions (based on the nature and amount) including those to be entered into with related parties, will be approved by different authority levels, for example, approval from the Board of Directors for certain transactions above RM1,000,000, approval from the Managing Director up to RM1,000,000 and the Head of Division for transactions of RM300,000 and below. The approval process includes the setting up of tender evaluation committees, where necessary;
- (b) Wherever practicable and/or possible, at least two other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as a comparison to determine whether the prices and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/ services and/or quantities. This process ensures that Pharmaniaga obtains these items at the best price from the market.
- (c) A register will be maintained to record all recurrent related party transactions which are entered into pursuant to the shareholders' mandate;
- (d) All companies within the Group shall only enter into recurrent related party transactions after being satisfied that the pricing, level of service, quality of products are comparable to market and industry standards;
- (e) The annual internal audit plan shall include the review of all recurrent related party transactions entered into pursuant to the shareholders' mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- (f) The Audit Committee of the Company ("Audit Committee") will undertake periodic review of at least twice a year on all past recurrent related party transactions and in their review of such transactions, the Audit Committee may, as they deem fit, request for additional information pertaining to the transactions from independent sources or advisers; and
- (g) If a member of the Audit Committee has an interest, both direct and indirect, in any particular transaction, he or she will abstain from any deliberations (though may be requested to provide relevant information to the other Audit Committee members) and also abstain from voting on the matter at the Audit Committee meeting.

If after the review, the Audit Committee is of the opinion that the review procedures mentioned above are no longer sufficient to ensure all recurrent related party transactions are carried out on terms not more favourable to the Related Parties than those available to the public, and are not detrimental to the minority shareholders, it shall introduce new review procedures to be imposed on all recurrent related party transactions. However, to ensure its independence, the Audit Committee will not be involved in approving any transactions.

- (h) Tracking of the value of Related Party Transaction or Recurrent Related Party Transactions shall be done for the purpose of disclosure in the Annual Report. Where the transaction value exceed 10% or more of the Mandated Amount, the respective Head of operating units is responsible to notify and provide explanation to Group Secretarial so that immediate announcement to Bursa Malaysia can be made.
- (i) For Recurrent Related Party Transactions that are not included in the mandate but are expected to exceed percentage ratio of 1% or RM1 million (whichever is the higher) in a 12 months period, respective Head of operating units is responsible to track transaction values for immediate announcement to Bursa Malaysia.
- (j) The Group Finance shall compile the quarterly RRPT information for reporting to the Audit Committee.

## **2.6 DISCLOSURE**

Disclosure will be made on the breakdown of the aggregate value of transactions conducted pursuant to the Proposal during the financial year in the Company's Annual Report and in the annual reports for the subsequent financial years that the shareholders' mandate continues to be in force.

Paragraph 3.1.5 of Practice Note 12 states that in making the disclosure of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Mandate in a listed issuer's annual report, a listed issuer must provide a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year, amongst others, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the listed issuer.

## **3 STATEMENT BY AUDIT COMMITTEE**

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Paragraph 2.5 above and is satisfied that:

- (a) the Group has in place adequate procedures and processes to monitor, track and identify recurrent related party transactions in a timely and orderly manner and these procedures and processes are reviewed as and when required; and
- (b) the procedures above are sufficient to ensure the terms of the recurrent related party transactions are fair, reasonable and on normal commercial terms, are not more favourable to the Related Parties than those generally available to the public and the recurrent related party transactions are not detrimental to the minority shareholders and are in the best interest of the Group.

## **4 RATIONALE AND BENEFIT**

### **4.1 RATIONALES FOR THE PROPOSAL**

The Proposal is intended to enhance the Group's ability to pursue business opportunities, which are time-sensitive in nature, and will eliminate the need to announce, or to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of the general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining other corporate objectives.

## 4.2 BENEFITS TO THE PHARMANIAGA GROUP FROM TRANSACTING WITH THE RELATED PARTIES

The Recurrent Related Party Transactions entered into by the Pharmaniaga Group are intended to meet business needs at the best possible terms. The Pharmaniaga Group should be able to have access to all available markets and products and services provided by all vendors including its Related Parties. Transacting with its Related Parties also enhances the ability to explore beneficial business opportunities within the Pharmaniaga Group, which will be of benefit to all the companies within the Pharmaniaga Group.

In most instances, companies within the Pharmaniaga Group have a better understanding of each other's business needs, thus providing a platform where all parties can benefit from relatively cheaper transaction costs considering that certain procedures like the supplier pre-qualification procedures, need to be as extensive as if the transactions are conducted with independent third parties.

In respect of the provision of travelling services and provision of corporate and administrative support services to Pharmaniaga Group by Related Parties, the Group can expect prompt and better services than other independent service providers in addition to relatively cheaper costs.

## 5 CONDITION OF THE PROPOSAL

The Proposal is subject to and conditional upon approval of the shareholders of Pharmaniaga at the forthcoming AGM.

## 6 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed below, none of the other Directors and/or Major Shareholders of Pharmaniaga and/or persons connected to them as defined in the Listing Requirements has any interest, direct or indirect in the Proposal.

### 6.1 MAJOR SHAREHOLDERS' INTEREST

The Major Shareholders interested in the Proposal are as disclosed below:

Name	Shareholdings as at 28 February 2019			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
BHB	146,110,415	56.24	-	-
LTAT	29,255,584	11.23	146,110,415 <sup>1</sup>	56.24

<sup>1</sup> Deemed interested by virtue of its shareholding in BHB pursuant to Section 8 of the Act

The abovementioned Major Shareholders, BHB and LTAT ("Interested Major Shareholders") will abstain from voting, in respect of their direct and indirect shareholdings in Pharmaniaga, on the resolution relating to the Proposal at the Twenty-First AGM to be convened. The Interested Major Shareholders have undertaken to ensure that the persons connected with them will abstain from voting in respect of their direct and indirect shareholdings in Pharmaniaga on the resolution relating to the Proposal at the Twenty-First AGM to be convened.

### 6.2 DIRECTORS' INTEREST

The Directors interested in the Proposal are as disclosed below:

Name	Shareholdings as at 28 February 2019			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
LWK (resigned on 31 December 2018)	12,500,148	4.81	-	-
DE (resigned on 31 December 2018)	600,000	0.24	-	-
FI (appointed on 1 January 2019)	100	-*	-	-

\* Negligible

The abovementioned Directors, LWK, DE and FI (“Interested Directors”) have abstained and will continue to abstain from deliberations and voting at the board meetings with regard to the Proposal.

The Interested Directors will also abstain from voting in respect of their direct and indirect shareholdings in Pharmaniaga, on the resolution relating to the Proposal at the Twenty-First AGM to be convened. The Interested Directors have undertaken to ensure that the persons connected with them will abstain from voting in respect of their direct and indirect shareholdings in Pharmaniaga on the resolution relating to the Proposal at the Twenty-First AGM to be convened.

### **6.3 INTEREST OF PERSON(S) CONNECTED**

At as the LPD, there is no person connected to Directors and/or Major Shareholders of Pharmaniaga (as defined in the Listing Requirements) having any interest, direct or indirect in the Proposal.

## **7 DIRECTORS’ RECOMMENDATION**

The Directors (except for the Interested Directors), after careful deliberation on the Proposal, are of the opinion that the Proposal is in the best interests of the Company. Accordingly, the Directors (except for the Interested Directors) recommend that you vote in favour of the resolution pertaining to the Proposal to be tabled at the forthcoming AGM.

## **8 ACTION TO BE TAKEN BY SHAREHOLDERS**

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Proxy Form enclosed in the Annual Report 2018 of the Company in accordance with the instructions therein as soon as possible and in any event to arrive at the Company’s share registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Sunday, 21 April 2019 at 9.00 a.m. The lodging of a Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **9 ANNUAL GENERAL MEETING**

The forthcoming Twenty-First AGM of the Company will be held at Mutiara Ballroom, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on 23 April 2019 at 9.00 a.m. for the purpose of considering and if thought fit, passing the ordinary resolution as set out in the Notice of AGM to approve the Proposal.

## **10 FURTHER INFORMATION**

Shareholders are advised to refer to **Appendix I** for further information.

Yours faithfully,  
For and on behalf of the Board of Directors  
**PHARMANIAGA BERHAD**

**MOHD SUFFIAN HAJI HARON**  
Senior Independent Non-Executive Director

## FURTHER INFORMATION

### 1 RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of Pharmaniaga who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having taken due care and making all reasonable inquiries, to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading.

### 2 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Neither Pharmaniaga nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant or otherwise, nor are the Directors aware of any proceedings pending or threatened against Pharmaniaga and/or its subsidiaries, or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of Pharmaniaga and/or its subsidiaries.

### 3 MATERIAL CONTRACTS

Save as disclosed below, Pharmaniaga Berhad and its subsidiaries have not entered into any material contracts outside the ordinary course of business, during the 2 years preceding the date of this Circular:

- (a) On 7 November 2017, Pharmaniaga Logistics Sdn Bhd (“PLSB”), a wholly-owned subsidiary entered into a Collaboration Agreement with Pharco Pharmaceuticals (“Pharco”), a company registered under the Laws of Egypt and Drugs for Neglected Diseases Initiative (“DNDi”), a non-profit foundation established under the Laws of Switzerland to promote widespread access to affordable direct acting antivirals (“DAAs”) including ravidasvir in combination with sofosbuvir or other potential DAAs as safe, effective, affordable and pan-genotypic treatments for Hepatitis C in Malaysia.

The focus of the collaboration will be for Malaysia (“Territory”). This collaboration covers the supply of ravidasvir and also the importation of generic sofosbuvir. In respect of the intellectual property protection for sofosbuvir, the Ministry of Domestic Trade, Co-operatives and Consumerism of Malaysia vide its letter of approval dated 18 September 2017 has designated PLSB to exploit Gilead’s patent rights in the Territory under Section 84 of the Patents Act 1983 read together with the Agreement on Trade-Related Aspects of Intellectual Property Right.

- (b) On 5 December 2017, Pharmaniaga entered into a Memorandum of Collaboration (“MOC”) with MSD Welcome Trust Hilleman Laboratories Private Limited (“Hilleman”), a company registered under the Laws of India and Technology Depository Agency Berhad (“TDA”), an entity under the Ministry of Finance which is the responsible Industrial Collaboration Programme monitoring authority in Malaysia.

Under the MOC, Pharmaniaga, Hilleman and TDA will work to coordinate the efforts in developing and manufacturing halal vaccines that can be incorporated in Malaysia’s national immunisation programmes (“the Project”). The Project covers the exchange of personnel from the companies for purposes such as teaching, research and training in relation to halal vaccines. The focus of the Project will be for Malaysia.

### 4 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company Secretary at 13<sup>th</sup> Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur during normal business hours on any week day (except public holidays) from date of this circular up to the date of the forthcoming AGM:

- (a) the Constitution of the Company; and
- (b) the audited consolidated financial statements of Pharmaniaga for the past two (2) financial years ended 31 December 2017 and 2018.
- (c) the material contracts referred to in Paragraph 3 above.

The material contracts as set out in Paragraph 3 above are located at Pharmaniaga’s office at 7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan from date of this circular up to the date of the forthcoming AGM.