

SALIENT TERMS: PURCHASE OF READY-TO-FILL BULK PRODUCT OF COVID-19 VACCINE FOR MANUFACTURING OF COVID-19 VACCINE BY PHARMANIAGA LIFESCIENCE SDN BHD IN MALAYSIA

1. INTRODUCTION

The Board of Directors of Pharmaniaga Berhad (“PHARMANIAGA or the Company”) wishes to announce that on 12 January 2021, Pharmaniaga Lifescience Sdn Bhd (“PLS”) (Company Registration No.: 198201002939 (82685-T)) a wholly owned subsidiary of the Company has entered into a Binding Term Sheet Agreement (“Agreement”) with Sinovac Life Sciences Co. Ltd. (Company No. 91110108688350614B) (“SINOVAC LS”), a subsidiary of the Sinovac Biotech Ltd.,(SINOVAC) for the purchase of ready-to-fill bulk product of Covid-19 vaccine and the licensing of SINOVAC LS’s technology and Know-how by SINOVAC LS, for the purpose of manufacturing the Covid-19 vaccine by PLS in Malaysia.

The duly executed Agreement is to enable PLS to carry out fill-and-finish process of Covid-19 vaccine in Malaysia. Subsequently, SINOVAC LS and PLS will enter into a Local Manufacturing Agreement and a Technology and Know-How License Agreement.

2. INFORMATION ON SINOVAC LS

SINOVAC LS is a company incorporated under the laws of China and having its registered address at No. 21, Tianfu Street, Daxing Biomedicine Industrial Base, Zhongguancun Science Park, Daxing District, Beijing, P.R. China.

SINOVAC LS is a China-based biopharmaceutical company that focuses on the research, development, manufacturing, and commercialization of vaccines that protect against human infectious diseases.

SINOVAC LS’s product portfolio includes vaccines against hepatitis A and B, seasonal influenza, H5N1 pandemic influenza (avian flu), H1N1 influenza (swine flu), mumps and canine rabies. In 2009, Sinovac was the first company worldwide to receive approval for its H1N1 influenza vaccine, which it has supplied to the Chinese Government’s vaccination campaign and stockpiling program.

3. SALIENT TERMS OF THE AGREEMENT

- 3.1 The Agreement defines the consensus between Parties to enter into cooperation under which PLS will purchase Ready-To-Fill Bulk Product of Covid-19 Vaccine and be licensed by SINOVAC LS to SINOVAC LS’s technology and Know-how for manufacturing the Covid-19 vaccine by PLS in Malaysia.
- 3.2 In order to strengthen the cooperation hereto, SINOVAC LS and PLS would make all practically possible preparations and commercially reasonable effort, which will include the execution of a Local Manufacturing Agreement and a Technology and Know-How License Agreement for market authorization, supply of the Ready-To-Fill Bulk Product of Covid-19 vaccine into Malaysia, local manufacturing of the Covid-19

vaccine in Malaysia and technology license. The aforementioned agreements shall be executed between Parties in mutually agreed terms and conditions.

- 3.3 The information provided under the Agreement shall be kept fully confidential and not to be disclosed to any third party and/or used for any other purpose whatsoever (“Confidential Information”).
- 3.4 The Agreement shall be effective from 12 January 2021 and shall remain in force for a period of twelve (12) months, subject to an earlier termination or upon entering into the Agreements.

4. RISK FACTORS

Risk factors affecting the Agreement include, but not limited to, execution risks such as availability and price fluctuations. Pharmaniaga Group has extensive experience and established track record in managing and mitigating such risks.

5. RATIONALE

The Agreement and collaboration contemplated therein will serve as a platform for PHARMANIAGA to further strengthen its vaccine business. This will also help PHARMANIAGA in long-term partnerships, including technology transfer to grow the sector in Malaysia.

This collaboration will also provide PHARMANIAGA another income stream which will contribute to the profitability of the Company in the future.

6. FINANCIAL EFFECTS

6.1 Share capital and shareholdings of substantial shareholders

The Agreement will not have any effect on the issued share capital of PHARMANIAGA or on PHARMANIAGA’s substantial shareholders’ shareholdings in the Company as it does not involve the issuance of PHARMANIAGA shares.

6.2 Net Assets, Net Assets per share and gearing

The Agreement is not expected to have any material effect on the net assets, net assets per share and gearing of the Group for the financial year ending 31 December 2021.

6.3 Earnings and Earnings Per Share

The Agreement is not expected to have any material effect on the Group's earnings and earnings per share for the financial year ending 31 December 2021.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, whether direct or indirect, in the Agreement.

8. STATEMENT BY BOARD OF DIRECTORS

The Board of Directors of the Company, having reviewed and considered the terms and conditions of the Agreement, is of the opinion that the Agreement is in the best interest of the Company and the terms and conditions therein are fair, reasonable and on terms that are not detrimental to the minority shareholders of the Company.

9. APPROVAL REQUIRED

The Agreement is not subject to the approval of shareholders and any other relevant authorities.

10. DOCUMENTS FOR INSPECTION

The Agreement is available for inspection at the Company's business office at No.7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 12 January 2021.