
SALIENT TERMS: LOCAL MANUFACTURING AGREEMENT BETWEEN PHARMANIAGA LIFESCIENCE SDN BHD AND SINOVAC LIFE SCIENCES CO. LTD.

1. INTRODUCTION

The Board of Directors of Pharmaniaga Berhad (“PHARMANIAGA or the Company”) wishes to announce that on 12 March 2021, Pharmaniaga Lifescience Sdn Bhd (“PLS”) (Company Registration No.: 198201002939 (82685-T)) a wholly owned subsidiary of the Company has entered into a Local Manufacturing Agreement (“Agreement”) with Sinovac Life Sciences Co. Ltd. (Company No. 91110108688350614B) (“SINOVAC LS”), a subsidiary of the Sinovac Biotech Ltd.,(SINOVAC) for the manufacturing of Covid-19 vaccine by PLS in Malaysia.

Both Parties will cooperate to do the filling and packaging from the ready-to-fill Bulk Product supplied by SINOVAC LS in PLS manufacturing facility in Malaysia, and for PLS to obtain the Conditional Registration During Disaster, Product Registration and/or Marketing Authorization from the Regulatory Authorities in Malaysia for the Local Finished Product (as defined therein) and then market and distribute the same in Malaysia.

SINOVAC LS and PLS has signed a Binding Term Sheet on 12 January 2021, aiming at a collaboration for the local manufacturing of the vaccine in Malaysia.

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 SINOVAC LS authorizes and permits PLS on an exclusive basis to do refilling and to fill, finish and manufacture the Local Finished Product in the vaccine production facilities of PLS, located at Lot 7, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100, Puchong, Selangor Darul Ehsan (“Manufacturing Facilities”), subject to PLS obtaining the Conditional Registration During Register, the Product Registration and/or the Marketing Authorization, using the Bulk Product (as defined therein) supplied by SINOVAC LS under the Agreement and the technology and know-how licensed by SINOVAC LS under the terms and conditions of the Technology and Know-How License Agreement, to be signed by both Parties.

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- 3.2 SINOVAC LS has agreed to exclusively authorize PLS to manufacture and distribute and supply the Local Finished Product in Malaysia.
 - 3.3 SINOVAC LS hereby authorizes PLS on an exclusive basis to promote, market, sell and distribute in Malaysia in accordance with the terms and conditions of the Agreement. The rights entail the Local Finished Product which is locally produced and manufactured in the Manufacturing Facilities, after PLS obtaining the Conditional Registration During Disaster, Product Registration and/or Marketing Authorization for the Local Finished Product from the Regulatory Authority in Malaysia.
 - 3.4 SINOVAC LS hereby authorizes, on an exclusive basis, PLS to apply for and obtain in PLS's name from the Regulatory Authority in Malaysia the Conditional Registration During Disaster, the Product Registration and/or the Marketing Authorization required for manufacturing, commercialization, marketing, sale and distribution of the Local Finished Product in Malaysia.
 - 3.5 PLS acknowledges and agrees that the SINOVAC LS Intellectual Property belongs to and is entirely owned by SINOVAC LS and is the sole and exclusive property of SINOVAC LS, whether registered or not in any country.
 - 3.6 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.
 - 3.7 The Agreement shall be effective from 12 March 2021 and shall remain in force for a period of eighteen (18) months. The Agreement shall be automatically and consecutively renewed for additional eighteen (18) months unless one Party gives the other Party a six (6) months' prior written notice indicating that it will not renew the Agreement.

4. RISK FACTORS

Risk factors affecting the Agreement include, but not limited to, execution risks such as availability and price fluctuations. Pharmedia Group has the right expertise and extensive experience coupled with 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

Barring any unforeseen circumstances, and subject to the Product being approved by the Regulatory Authorities, this collaboration is expected to contribute positively to the Group's future 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 15 March 2021.