
SALIENT TERMS: AGREEMENT FOR THE SUPPLY AND DISTRIBUTION OF COVID-19 VACCINE BY PHARMANIAGA LIFESCIENCE SDN BHD TO THE GOVERNMENT OF MALAYSIA

1. INTRODUCTION

The Board of Directors of Pharmaniaga Berhad (“PHARMANIAGA or the Company”) wishes to announce that on 22 March 2021, Pharmaniaga Lifescience Sdn Bhd (“PLS”) (Company Registration No.: 198201002939 (82685-T)) a wholly owned subsidiary of the Company has entered into a Supply and Distribution Agreement (“Agreement”) with the Government of Malaysia, represented by the Ministry of Health of Malaysia (“MOH”) for the supply and distribution of Covid-19 vaccine (“Product”) to all facilities specified by the MOH. The Product has been developed by SINOVAC Life Sciences Co. Ltd. (Company No. 91110108688350614B) (“SINOVAC LS”), a subsidiary of the Sinovac Biotech Ltd.

PLS has been granted an exclusive right and authorization by SINOVAC LS to fill, finish, manufacture, market and distribute the Product in Malaysia. The duly executed Agreement is to enable MOH to purchase the Product from PLS and PLS to supply and distribute 12 million doses of the Product to all facilities specified by the MOH.

2. INFORMATION ON MOH

The MOH is a ministry of the Government of Malaysia that is responsible for health system: health behaviour, cancer, public health, health management, medical research, health systems research, respiratory medicine, health promotion, healthcare tourism, medical device, blood collection, leprosy control, clinical research, health care, dental care, health institution, laboratory, pharmaceutical and patient safety, among others.

The MOH administers ministerial functions through the Ministry of Health and a range of other government agencies. The current Health Minister is Dato' Sri Dr. Adham bin Baba, assisted by two deputies, Datuk Dr Noor Azmi Ghazali (Deputy Minister I) and Datuk Aaron Ago Dagang (Deputy Minister II). Its headquarters is located in Putrajaya.

3. 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’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.

4. SALIENT TERMS OF THE AGREEMENT

- 4.1 The Agreement defines the consensus between Parties to enter into cooperation under which the MOH will purchase and PLS will supply and distribute 12 million doses of the Product to all facilities specified by the MOH ("Facilities").
- 4.2 The Parties agree that the Agreement shall be subjected to the fulfilment of the condition precedent that PLS has obtained all Regulatory Approvals (as defined therein) for the fill and finish in PLS manufacturing facility in Malaysia ("Condition Precedent").
- 4.3 Upon fulfilment of the Condition Precedent ("Effective Date"), the Agreement shall become effective and enforceable on and from the Effective Date and shall continue until the delivery of the last batch of the Products to the Facilities, subject to an earlier termination by either party for failing to meet its obligations thereto.
- 4.4 The MOH shall issue to PLS a local purchase order for 12 million doses of the Product to be delivered in accordance with the monthly delivery schedule and the terms therein. The MOH shall be responsible for the determination of the quantity, location of the Facilities and dates for the Product to be delivered under the Agreement.
- 4.5 PLS shall ensure that the Product is printed with "Kementerian Kesihatan Malaysia" or "KKM" for the supply for the Ministry of Health.
- 4.6 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.

5. RISK FACTORS

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

6. RATIONALE

The Agreement and collaboration contemplated therein will serve as a platform for PHARMANIAGA to further strengthen its vaccine business and grow the sector in Malaysia. It will also provide PHARMANIAGA another income stream which will contribute to the profitability of the Company in the future.

7. FINANCIAL EFFECTS

7.1 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.

7.2 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.

7.3 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.

8. 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.

9. 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.

10. APPROVAL REQUIRED

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

11. 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 22 March 2021.