
SALIENT TERMS: MEMORANDUM OF UNDERSTANDING BETWEEN PHARMANIAGA BERHAD AND MAJLIS AMANAH RAKYAT

1. INTRODUCTION

The Board of Directors of Pharmaniaga Berhad (“PHARMANIAGA or the Company”) wishes to announce that the Company, has on 1 April 2021 entered into a Memorandum of Understanding (“MOU”) with Majlis Amanah Rakyat (“MARA”), a statutory corporation established under the Majlis Amanah Rakyat Act, 1966.

The purpose of the MOU is for the Parties to explore joint activities in relation to a Potential Collaboration (as defined therein).

2. INFORMATION ON MARA

Majlis Amanah Rakyat (MARA), or the Council of Trust for the People, an agency under the purview of the Ministry of Rural Development, was established on 1 March 1966 as a statutory body by an Act of Parliament as a result of the first *Bumiputera* Economic Congress resolution in 1965. The Council is responsible for developing, encouraging, facilitating and fostering the economic and social development in the federation, particularly in rural areas.

3. SALIENT TERMS OF THE MOU

- 3.1 The MOU defines the intention of the Parties to work together towards development of Bumiputera entrepreneurs in medicine, health and wellbeing, and to improve the lifestyle quality of Bumiputera community in Malaysia.
- 3.2 In order to actualize the Potential Collaboration, Parties will enter into a definitive agreement.
- 3.3 The MOU shall become effective and enforceable from 1 April 2021 and shall remain in force for a period of three (3) years, subject to an earlier termination by either party or upon entering into a definitive agreement, whichever earlier.
- 3.4 The information provided under the MOU is intended only for cooperation purposes as stated in the MOU and shall be kept fully confidential and not to be disclosed to any third party and/or used for any other purpose whatsoever.

4 RISK FACTORS

Risk factors affecting the MOU 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.

5 RATIONALE

The MOU and collaboration contemplated therein will serve as a platform for the Parties to amongst others, provide contract financing to eligible Bumiputera vendors/entrepreneurs, provide business training to Bumiputera vendors/entrepreneurs, development of human capital through technical and vocational education and training via collaboration under Pharmaniaga's High Impact Strategic Project. The Potential Collaboration will also support entrepreneurs in the industry along the supply chain and create sustainable ecosystem, while advocating healthy lifestyle among the Bumiputera community in Malaysia.

6 FINANCIAL EFFECTS

6.2 Share capital and shareholdings of substantial shareholders

The MOU 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.

6.3 Net Assets, Net Assets per share and gearing

The MOU 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.

6.4 Earnings and Earnings Per Share

The MOU 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 MOU.

8 STATEMENT BY BOARD OF DIRECTORS

The Board of Directors of the Company, having reviewed and considered the terms and conditions of the MOU, is of the opinion that the MOU 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 MOU is not subject to the approval of shareholders and any other relevant authorities.

10 DOCUMENTS FOR INSPECTION

The MOU 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 1 April 2021.