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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.

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pharmaniaga

PHARMANIAGA BERHAD

(Company Registration No.: 199801011581 (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-Second Annual General Meeting (22nd AGM) which is attached in the enclosed Annual Report and is also available to be downloaded from the Company’s website at www.pharmaniaga.com or Bursa Malaysia’s website at www.bursamalaysia.com. The 22nd AGM will be conducted entirely through live streaming from the broadcast venue at Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on 20 July 2020 at 9.00 a.m.

In line with Government’s initiative to curb the spread of the Coronavirus Disease 2019 (COVID-19) and the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, the 22nd AGM will be conducted on a virtual basis through live streaming whilst the online remote voting will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd’s (Tricor) TIIH Online website at <http://tiih.online>. Please follow the procedures provided in the Administrative Notes for the 22nd AGM provided together with the Annual Report 2019 in order to register, participate and vote remotely via the RPV facilities.

A Proxy Form is set out in the Annual Report of Pharmaniaga Berhad, for the financial year ended 31 December 2019. In view that the 22nd AGM will be conducted on a virtual basis, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. Please complete, sign and deposit the Proxy Form at the office of the Company’s Share Registrar, Tricor, 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 Saturday, 18 July 2020 at 9.00 a.m. You may also submit the proxy appointment electronically via Tricor’s TIIH Online website at <http://tiih.online> no later than the abovementioned date.

Last date and time for lodging the Proxy Form	: Saturday, 18 July 2020 at 9.00 a.m.
Date and time of the Twenty-Second Annual General Meeting	: Monday, 20 July 2020 at 9.00 a.m.

This Circular is dated 19 June 2020

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 2019"	- Annual Report for the financial year ended 31 December 2019
"Board"	- Board of Directors of Pharmaniaga Berhad
"BHB"	- Boustead Holdings Berhad (196001000193 (3871-H))
"Boustead Travel Services"	- Boustead Travel Services Sdn Bhd (197201000101 (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"	- 29 May 2020, 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 : <div style="margin-left: 40px;"> (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. </div> <p>For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act.</p>
"Mandate"	- The shareholders' mandate obtained for Pharmaniaga Group to enter into Recurrent Related Party Transactions

DEFINITIONS (cont'd)

"Pharmaniaga" or "the Company"	-	Pharmaniaga Berhad (199801011581 (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 2019 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)
"2019 Mandate"	-	The shareholders' mandate obtained on 23 April 2019 for Pharmaniaga Group to enter into RRPTs
"2020 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"	-	<p>The validity period of the Proposal commencing from the passing of the ordinary resolution relating to the Proposal on 20 July 2020 until:</p> <ul style="list-style-type: none"> (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) 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 Registration No.: 199801011581 (467709-M))
(Incorporated in Malaysia under the Companies Act 2016)

Registered Office:

28th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

19 June 2020

The Board of Directors

1.	Datuk (Dr.) Hafsah Hashim	Independent Non-Executive Chairman	Appointed on 17 July 2019
2.	Lieutenant General Dato' Seri Panglima Dr Sulaiman Abdullah (Retired)	Independent Non-Executive Director	
3.	Brig. Gen. Dato' Mohd Shahrom Mohamad (Rtd)	Independent Non-Executive Director	Appointed on 17 July 2019
4.	Dato' Mohd Zahir Zahur Hussain	Independent Non-Executive Director	Appointed on 17 July 2019
5.	Datuk Koo Hock Fee	Non-Independent Non-Executive Director	Appointed on 17 July 2019
6.	Dr. Salmah Bahri	Independent Non-Executive Director	Appointed on 1 January 2020
7.	Tan Sri Dato' Seri Dr. Haji Mohamed Ismail Merican	Independent Non-Executive Director	Appointed on 17 July 2019 and resigned on 17 September 2019
8.	Izzat Othman	Independent Non-Executive Director	Resigned on 31 July 2019
9.	Fahmy Ismail	Non-Independent Non-Executive Director	Resigned on 31 July 2019
10.	Dato' Farshila Emran	Managing Director	Resigned on 31 March 2020
11.	Mohd Suffian Haji Haron	Senior Independent Non-Executive Director	Resigned on 28 April 2020

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")

1 INTRODUCTION

At the Twenty-First AGM held on 23 April 2019, the Company obtained the 2019 Mandate for Pharmaniaga Group to enter into RRPTs. The 2019 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 20 February 2020, 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 2019 of the Company.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS AND THE APPENDIX 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, not detrimental to the minority shareholders and made on arms' length basis 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
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	Pristine Pharma Sdn Bhd (f.k.a. Pharmaniaga Pristine Sdn Bhd) ("Pristine") Subsidiary of Pristine: - Paradigm Industry Sdn Bhd	Retail Pharmacy Manufacture and sale of food supplement	100 80
8	Pharmaniaga Biomedical Sdn Bhd	Supply, trading and installation of medical and hospital equipment	100

No.	Name of Subsidiaries	Principal Activities	Pharmaniaga's Effective Interest (%)
9	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
10	Bio-Collagen Technologies Sdn Bhd	Research and manufacture of collagen medical devices (dressings) for wound management application for the pharmaceutical industry	70
11	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	2019 Mandate [As per Circular dated 25 March 2019]			2020 Mandate
	Provider	Recipient			Estimated value of transactions covered in 2019 Mandate (RM)	Actual value transacted from last AGM to the LPD (RM)	Reason for deviation where the actual value of transactions exceeds the estimated value by 10% or more (if applicable)	Estimated value of transactions from forthcoming AGM to next AGM (RM)
1	BHB	Pharmaniaga Group	Major Shareholders ▪ BHB ¹ ▪ LTAT ² Directors ▪ DKHF ³	Provision of corporate and administrative support services, internal audit function and training to Pharmaniaga Group	2,100,000	995,000	N/A	2,500,000

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of Transactions	2019 Mandate [As per Circular dated 25 March 2019]			2020 Mandate
	Provider	Recipient			Estimated value of transactions covered in 2019 Mandate (RM)	Actual value transacted from last AGM to the LPD (RM)	Reason for deviation where the actual value of transactions exceeds the estimated value by 10% or more (if applicable)	Estimated value of transactions from forthcoming AGM to next AGM (RM)
2	Boustead Travel Services, a wholly owned subsidiary of BHB	Pharmaniaga Group	Major Shareholders <ul style="list-style-type: none"> ▪ BHB ¹ ▪ LTAT ² Directors <ul style="list-style-type: none"> ▪ DKHF ³ 	Provision of travel agency services to Pharmaniaga Group	2,000,000	965,000	N/A	2,200,000

Note:
The estimated value of the 2020 Mandate may vary and subject to changes.

¹ BHB is a major shareholder of Pharmaniaga with direct shareholding of 55.93%.

² LTAT is a major shareholder in Pharmaniaga with direct shareholding of 11.12% and deemed interest of 55.93% by virtue of its shareholding in BHB pursuant to section 8 of the Act.

³ DKHF – Datuk Koo Hock Fee. He is a Non-Independent Non-Executive Director of Pharmaniaga, representing BHB on the Board of Pharmaniaga. As at LPD, he owns 108,024 Pharmaniaga shares. He is also the Chairman of EXCO of Boustead Hotels & Resort Sdn Bhd, a wholly-owned subsidiary of BHB.

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 2019.

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 29 May 2020			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
BHB	146,110,415	55.93	-	-
LTAT	29,055,584	11.12	146,110,415 ¹	55.93

¹ 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-Second 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-Second AGM to be convened.

6.2 DIRECTOR'S INTEREST

The Director interested in the Proposal is as disclosed below:

Name	Shareholdings as at 29 May 2020			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
DKHF appointed 17 July 2019	108,024	0.04	-	-

The abovementioned Director, DKHF ("Interested Director"), has abstained and will continue to abstain from deliberations and voting at the board meetings with regard to the Proposal.

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

6.3 INTEREST OF PERSON(S) CONNECTED

As at 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 Director), 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 Director) 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

In view that the Twenty-Second AGM will be conducted on a virtual basis, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. Please complete, sign and deposit the Proxy Form at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (Tricor), 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 Saturday, 18 July 2020 at 9.00 a.m. You may also submit the proxy appointment electronically via Tricor's TIH Online website at <http://tiih.online> no later than the abovementioned date.

9 ANNUAL GENERAL MEETING

The forthcoming Twenty-Second AGM of the Company will be conducted entirely through live streaming from the broadcast venue at Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Monday, 20 July 2020 at 9.00 a.m. for the purpose of considering and if thought fit, passing the ordinary resolution as set out in Notice of AGM to approve the Proposal.

The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.

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

DATUK (DR.) HAFSAH HASHIM
Independent Non-Executive Chairman

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) Pharmaniaga Berhad's wholly owned subsidiary, Pharmaniaga Logistics Sdn Bhd ("PLSB") has received a letter dated 15 November 2019 from the Ministry of Health ("MOH"), extending its services for the provision of medicines and medical supplies to MOH facilities for an interim period of twenty-five (25) months, commencing from 1 December 2019 until 31 December 2021. In addition, PLSB secured a five (5) year contract to continue providing logistics and distribution services for MOH for a period of five (5) years ending 31 December 2024.

4 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company Secretary at 13th 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 2018 and 2019.
- (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.