

SALIENT TERMS: MEMORANDUM OF UNDERSTANDING BETWEEN PHARMANIAGA RESEARCH CENTRE SDN BHD AND BIO-INNOVA CO. LTD.

1. INTRODUCTION

The Board of Directors of PHARMANIAGA (“Board”) wishes to announce that Pharmaniaga Research Centre Sdn Bhd [Company Registration No. 199801001031 (457157-V)] (“PRC”), a wholly-owned subsidiary of the Company has entered into a Memorandum of Understanding (“MOU”) with Bio-Innova Co. Ltd. (Company Registration No.: 0105549031531) (“BIO-INNOVA”) on 25 February 2022.

The duly executed MOU is to establish a basis of co-operation and collaboration between the parties in relation to clinical trials, including bioavailability and bioequivalence studies (individually referred to as “BA Study” or “BE Study” and collectively referred to as the “Study”) as well as building capabilities in the area of product development (“Collaboration”).

2. INFORMATION ON BIO-INNOVA

BIO-INNOVA is established in Thailand and offers professional services in the areas of clinical research, pharmacokinetics, bioavailability, bioequivalence, statistics and data management with a vast scientific expertise and quality team for pharmaceutical, biotechnology and medical device industries.

3. SALIENT TERMS OF THE MOU

3.1 The Parties are desirous to work together and cooperate in the following areas:

- (a) Collaboration in relation to the Study;
- (b) To create Centre for Excellence and a world-class partner, delivering innovative scientific solutions in the area of pharmaceutical product development and Study in Malaysia and Thailand; and
- (c) To enter into strategic partnership with BIO-INNOVA for technology know-how and knowledge sharing.

3.2 For the purpose of implementing the Collaboration in the respect of any area stated above, Parties will enter into a definitive agreement with the terms to be mutually agreed upon between both Parties.

3.3 The MOU shall come into effect from 25 February 2022 and shall remain in force for a period of two (2) years subject to an earlier termination or upon entering into a definitive agreement.

3.4 Save and except for confidentiality obligations and certain clauses, the MOU is non-binding in nature and shall not give rise to any financial obligations to the Parties.

3.5 All information disclosed for the purpose of or in connection with the MOU shall be kept confidential by the parties.

4. RISK FACTORS

Risk factors affecting the MOU include, but not limited to, execution risks such as availability and compliance to the terms agreed. Pharmaniaga Group has extensive experience and an established track record in managing and mitigating such risks.

5. RATIONALE

The MOU and collaboration contemplated herein will serve as a platform for PHARMANIAGA to speed up introduction of new products to local and international market.

6. FINANCIAL EFFECTS

6.1 Share capital and shareholdings of substantial shareholders

The MOU will not have any effect on the issued share capital of PHARMANIAGA nor 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 MOU is not expected to have any material effect on the Group's Net Assets, Net Assets per share and gearing of the Group for the financial year ending 31 December 2022.

6.3 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 2022.

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 PHARMANIAGA and the terms and conditions of the MOU 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 PHARMANIAGA's registered 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 25 February 2022.