Company Name : DUOPHARMA BIOTECH BERHAD
Type : OTHERS
Subject : ACCEPTANCE OF TENDER OFFER (HEREINAFTER REFERRED TO AS THE "REVISED LETTER OF AWARD" OR "REVISED LOA") FOR THE SUPPLY OF INSUGEN - INSULIN RECOMBINANT HUMAN FORMULATIONS (HEREINAFTER REFERRED TO AS THE "PRODUCTS") TO THE GOVERNMENT OF MALAYSIA

1. INTRODUCTION

Reference is made to the announcements by Duopharma Biotech Berhad (hereinafter referred to as "**Duopharma Biotech**" or the "**Company**") on 17 December 2021, 28 December 2021 and 31 December 2021 in relation to the acceptance by the Government of Malaysia (hereinafter referred to as the "**Government**") of the tender offer for the supply of the Products by Duopharma Marketing Sdn. Bhd. (hereinafter referred to as "**DMktg**") (a wholly-owned subsidiary of Duopharma Biotech) to the Government (hereinafter the aforesaid acceptance of the tender offer shall be referred to as the "**Previous LOA**").

The Board of Directors of Duopharma Biotech wishes to announce that the Government had accepted the tender offer from DMktg and Biocon Sdn. Bhd. (hereinafter referred to as "**Biocon**") to supply the Products under the Ministry of Health's procurement by way of direct negotiation (hereinafter referred to as the "**Revised Letter of Award**" or "**Revised LOA**") upon the terms and conditions set out in the Revised Letter of Award. DMktg and Biocon have acknowledged receipt and acceptance of the Revised LOA on 25 April 2022 and submitted the same to the Ministry of Health (hereinafter referred to as "**MOH**") on 25 April 2022.

2. SALIENT TERMS OF THE REVISED LETTER OF AWARD

(a) Biocon is the manufacturer and supplier of the Products.

(b) DMktg is the reseller appointed by Biocon to deliver the Products to MOH.

(c) The Revised LOA shall be for a period of three (3) years commencing on 29 April 2022 until 28 April 2025 with a total contract value of RM375,174,320.00.

(d) Upon acknowledgement of receipt and acceptance of the Revised LOA by DMktg and Biocon, a binding contract would be created between the Government, DMktg and Biocon.

(e) The terms of the Revised LOA will be formalised through the execution of a formal agreement between the Government, DMktg and Biocon at a later date. Until such time that the formal agreement is executed, the Revised LOA will continue to bind the parties.

(f) DMktg is required to deliver to the Government an irrevocable performance bond for the sum of RM6,252,905.33 within 14 days from the date of acknowledgment of receipt of the Revised LOA by DMktg and Biocon.

(g) Upon an order being issued by the Government, DMktg and Biocon are required to supply the Products within the prescribed time and the quality of supply must satisfy the Government's requirements. If DMktg and Biocon fails to supply the Products within the prescribed time and/or in accordance with prescribed quality, the Government is entitled to cancel the order and/or impose penalty in accordance with the terms of the Revised LOA.

(h) Among the grounds on which the Government is entitled to terminate the LOA include the following: -
   (i) failure to deliver to the Government the irrevocable performance bond within the prescribed time;
   (ii) failure to supply the Products within the prescribed time;
   (iii) failure to comply with any term in the tender document;
   (iv) failure to comply with the prescribed supply specifications;
   (v) failure to obtain approval for any sale or transfer of equity during the validity period of the contract; and
   (vi) termination due to public interest or security and national Interest.

(i) DMktg and Biocon are required to undertake the Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ) programme as prescribed by the Government, without any cost to the Government.

(j) The Previous LOA is revoked.

3. RATIONALE

The Revised LOA will allow DMktg to provide distribution services for the supply of Biocon's human insulin formulation to all MOH's hospitals, district health offices and health clinics.

With an estimated 3.9 million diabetics in Malaysia, of which about 420,000 patients are treated using human insulin in Government hospitals and clinics, DMktg and Biocon hope to improve diabetes management in the country by providing high quality and cost-effective biosimilar insulins.

The Revised LOA is in the Duopharma Biotech Group's ordinary course of business of a revenue nature. The Duopharma Biotech Group is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

4. FINANCIAL EFFECTS OF THE REVISED LETTER OF AWARD

The effects of the Revised LOA on the share capital, the substantial shareholders' shareholding, net assets ("**NA**"), NA per share, gearing, earnings and earnings per share ("**EPS**") of Duopharma Biotech are as follows:

4.1 Share capital and substantial shareholders' shareholdings

The Revised LOA will not have any effect on the share capital and substantial shareholders' shareholding of Duopharma Biotech as no new shares will be issued pursuant to the Revised LOA.

4.2 NA and Gearing

The Revised LOA will not have any material effect on the NA, NA per share and gearing of the Duopharma Biotech Group for the financial year ending 31 December 2022.

4.3 Earnings and EPS

Barring any unforeseen circumstances, the Revised LOA is expected to contribute positively to the future earnings and EPS of the Duopharma Biotech Group for the current financial year and for 2023, 2024 and 2025.

5. Risk Factors

The risk factors affecting the Revised LOA include, but not limited to, geopolitical risk and execution risks such as availability, storage, transportation and delivery logistics, and price fluctuations. The transactions envisaged under the Revised LOA are in the ordinary course of the Duopharma Biotech Group's business, and the Duopharma Biotech Group has extensive experience and an established track record in managing and mitigating such risks.

6. APPROVALS REQUIRED

The transactions envisaged under the Revised LOA are transactions of a revenue nature in the ordinary course of the Duopharma Biotech Group's business.

The Revised LOA is not subject to the approval of shareholders of the Company.

7. ESTIMATED TIMEFRAME FOR COMPLETION OF THE TRANSACTIONS

The contract under the Revised LOA commences on 29 April 2022 and ends on 28 April 2025.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholder of the Company and/or persons connected to them have any interest, either direct or indirect, in the Revised LOA.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Revised LOA, including but not limited to the basis of the considerations, rationale and financial effects of the transactions envisaged under the Revised LOA, is of the opinion that the Revised LOA is in the best interest of the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to any Movement Control Order that may be imposed by the Government from time to time, the salient features of the Revised LOA will be made available for inspection at the registered office of the Company at Suite 18.06, Level 18, Kenanga International, No. 26, Jalan Sultan Ismail, 50250 Kuala Lumpur during normal business hours from Mondays to Fridays (excluding public holidays) for a period of 3 months from the date of this announcement. In view of the Covid-19 pandemic and any Movement Control Order as may be imposed by the Government from time to time, the Company may vary its normal business hours from time to time and any shareholder who wishes to inspect the salient features of the Revised LOA is advised to contact the Company for an appointment prior to attending at the registered office of the Company and shall comply with the Company's policies and standard operating procedures when visiting the registered office.

11. INFORMATION ON DMKTG AND BIOCON SDN. BHD.

11.1 Information on DMktg

DMktg, a wholly owned subsidiary of the Company, is principally engaged in the marketing and sales of medicine and pharmaceutical products.

11.2 Information on Biocon Sdn. Bhd.

Biocon Sdn Bhd is a wholly owned subsidiary of Biocon Biologics Limited, UK which is in turn a wholly owned subsidiary of Biocon Biologics Ltd, India. Biocon Sdn Bhd is a private company incorporated under the Malaysian Companies Act 1965 and was established with an objective to set up Biocon group's first overseas manufacturing facility in Malaysia. It is located within BioXcell, a biotechnology park in Nusajaya, Johor, which is being promoted by the Malaysian Government.

The manufacturing facility is Asia's largest integrated insulins manufacturing facility and is Biocon Group's first overseas biopharma manufacturing and research facility. The facility manufactures the drug substance for Biocon Group's range of rh-insulin and insulin analogs as well as drug products in vials, cartridges and devices. It has received the cGMP certification from the National Pharmaceutical Regulatory Agency, Malaysia ("NPRA"). The rh-Insulin formulations (Brand Name: Insugen®-R, Insugen®-N and Insugen®-30/70) manufactured at this facility have been approved by NPRA. The facility commenced commercial operations in 2016 and has been providing rh-Insulin manufactured at this facility to DMktg for supply to MOH since the second half of financial year 2017.

Biocon Sdn. Bhd. is the only manufacturing facility in Malaysia to be approved by both European Medicine Authority and United States Food and Drug Administration for sterile biologic products. With approvals in over 40 countries, Biocon's r-Human Insulin has been a trusted product for people with diabetes across the globe. Biocon Sdn. Bhd. has till date created jobs for over 750 Malaysian families and is nurturing, developing and creating a sustainable biotech ecosystem in addition to contributing towards the economy through exports. In July 2021, Insulin Glargine manufactured at Johor, Malaysia received approval from the U.S. FDA as the world's first interchangeable biosimilar. With the launch of the interchangeable insulin product, Biocon intends to expand access to this affordable innovation to people with diabetes across the globe. The presence of Biocon's insulins manufacturing facility in Malaysia has positioned Malaysia amongst the 20 countries globally to have local insulin manufacturing capacity.

This announcement is dated 25 April 2022.