

25TH ANNUAL GENERAL MEETING OF PHARMANIAGA BERHAD

Post-Submitted Questions from Shareholders as of 12 June 2023

(109 questions as at 12 June 2023)

BUSINESS REVIEW (Question 1-9)

CHAN BIEN CHYE (Question 1-2)

1. **What is the finding on root cause, control process and plan moving forward to manage supply chain and inventory management to avoid future significant write off that affect the company financial greatly? What about competent management in this regard?**

Answer: Pharmaniaga established Board Risk and Investment Committee (BRIC) to oversee the adequacy of risk management within the Group and to ensure that risk exposures and outcomes affecting Pharmaniaga are effectively addressed. This includes formulating policies and frameworks to identify, monitor, manage, and control material risks impacting the Group, to safeguard the Group's interests and enhance shareholders' value.

2. **Please provide recent 5 years of financial result of those companies purchased in recent years to see how they fared so far and contribute to the group**

Answer: We did not acquire any company in the last five years.

LEE MUN HOE (Question 3 to 5)

- 3. Aside from Pharmaniaga, other industry peers also faced similar situation?**

Answer: Yes. There is a global surplus of COVID-19 vaccines.

- 4. How about the company cash flow level?**

Answer: Although the operation continues with business as usual, the Group's cash flow is constrained. Nevertheless, we are closely monitoring our cash flow, maintaining strong relationships with financial lenders and suppliers, and implementing prudent financial management practices. These practices include, but are not limited to, implementing cost-reduction measures, improving working capital management, and seeking additional funding.

- 5. Which segment make profit and which area making lost?**

Answer: All segments made profits except for the manufacturing and Indonesian segments, where we made provisions for slow-moving COVID-19 vaccines worth RM552.3 million and also impairment of goodwill worth RM50.3 million respectively.

LIM SAN KIM (Question 6 - 8)

- 6. Which segment make profit and which area making lost?**

Answer: All segments made profits except for the manufacturing and Indonesian segments, where we made provisions for slow-moving

COVID-19 vaccines worth RM552.3 million and also impairment of goodwill worth RM50.3 million respectively.

7. How much profit this year, when to pay dividend?

Answer: We are not in a position to disclose the profit forecast for the current year. Furthermore, the Group foresees that it will not be feasible to declare any dividends at this juncture.

8. How much business is currently in the order book, and what is the expected volume for the coming year?

Answer: We are not in the position to disclose our business order book.

MUHAMMAD HARIZ BIN SA'ID

9. Considering the growing importance of the biologics sector in the pharmaceutical industry, how does Pharmaniaga assess its financial position and level of confidence in capitalising on opportunities within the biologics market?

Answer: The decision to enter the biopharma sector was made after conducting a comprehensive feasibility study, which included an assessment of market demand, competition, and opportunities. Pharmaniaga is confident in the potential for future growth in this sector.

PN17 (Question 10-13)

KOW LIH SHI (Question 10-11)

10. The overall company operations are expanding, including auto vending for medical supplies and self-purchase options.

What is the estimated timeframe for being released from PN17?

Thank you to the board and members for answering questions.

11. The company's business operations are in an expanding stage, including the operation of vending machines for self-purchasing medicines and supplements.

What is the estimated time period required for the company to be released from PN17?

Thank you to the board and members for answering questions.

Answer for Question 10 & 11: The Regularisation Plan is currently being drafted, and a requisite announcement will be made in due course, detailing the plan. The Group aims to complete the execution of the Regularisation Plan by the end of the first quarter of 2024.

HARIZA BINTI ISMAIL

12. By the wise word of Bill Gates, what is the utmost reason for plunging into PN17?

Answer: As a result of the slow moving of the COVID-19 vaccines stocks and in line with the Malaysia Financial Reporting Standards,

Pharmaniaga had to make a full provision of RM552 million of COVID-19 vaccines stocks.

CHAN NGUN FONG

13. The Board should also propose to cut meeting allowances since the Company is in PN17 status. The Company is not in a position to give us door gifts, so why is the Company in the position to pay meeting allowances to the Directors? In addition, you are also getting a myriad of other benefits. Please explain. Don't brush this question aside.

Answer: The Directors' Remuneration is outlined in our Directors Remuneration Policy and is in line with the best practice provisions of the Malaysian Code of Corporate Governance.

COVID-19 VACCINE (QUESTION 16 & 27)

LEE MUN HOE

16. If management/auditor were aware of the consequences of over-purchasing COVID-19 vaccines prior to Q4 2022?
17. Why auditor fail to identify any red flags arises from over purchase of Covid 19 vaccines prior to Q4 2022?

Answer for Question 16 & 17: During the AGM, the auditor has explained that the issue of the slow-moving COVID-19 vaccine has been discussed with the Group since July 2022. Despite great efforts to resolve the issue, the Board has to eventually allocate a provision of RM552.3 million for the inventory in February 2023, a decision which the auditor agreed and supported.

WEE TEE FATT

- 18.
1. Regarding the net loss of RM607.3 million and the provision of RM552.3 million on the stock of vaccines, could you please explain in detail how the management made such a significant mistake in ordering such a large quantity of vaccines?
 2. Furthermore, why did the company proceed with the purchase without obtaining a guarantee order from the Government, especially considering the government's preference for the Pfizer vaccine over Sinovac?
 3. In the event that the company placed the order

LEE MUN HOE (Question 19 to 23)

19. Who request to over purchase of Covid 19 vaccines?
20. What happen to the unused COVID-19 vaccines?
21. If Pharmaniaga still continuing to purchase COVID-19 vaccines? If yes, how it benefitted to the company profitability?
22. Did the purchase COVID-19 vaccines is beyond the control of company and is at sole discretion of MOH / Federal Gov?
23. Any party is to be responsible on over purchase of COVID-19 vaccines?

LIM SAN KIM

24. How much did the company lose due to expired vaccines?

KOH KAR KIAT (Question 25 & 26)

25. What is the lesson that the management learned from the overpurchased of vaccine? Is there a specific measurement in place to avoid the same mistake in future especially making decision to purchase half a billion of vaccine stock?
26. What is the lesson that the management learned from the overpurchased of vaccine? Is there a specific measurement in place to avoid the same mistake in future especially making decision to purchase half a billion of vaccine stock?

Answer for Question 18 to 26: Pharmaniaga underwent a stringent and thorough decision-making process for the procurement of the COVID-19 vaccines. During the pandemic, Pharmaniaga had worked very closely with the authorities (such as The Special Committee for Ensuring Access to COVID-19 Vaccine Supply, (JKJAV) and the Ministry of Health (MOH) on the supply and distribution of the Sinovac COVID-19 vaccines. Prior to entering into any sales and purchase agreement with the supplier (Sinovac), and any agreement with the Ministry of Health (MOH), Pharmaniaga is required to obtain Board of Directors' approval.

The initial agreement between Pharmaniaga and MOH was to supply 12 million doses of Sinovac Covid-19 vaccines, with deliveries scheduled from April to October 2021. It is pertinent to note that the deliveries to MOH are for Fill and Finish (FF) Sinovac vaccines.

However, as the deliveries of Pfizer and AstraZeneca vaccines were delayed, the Government requested Pharmaniaga to secure additional doses of Sinovac vaccines to expedite the vaccination process. Pharmaniaga fulfilled this request by purchasing an additional 10 million doses of Finished Goods (FG) from Sinovac. During the peak of vaccination, Pharmaniaga delivered the highest number of doses to support the slow delivery of vaccines from other manufacturers. The Group managed to supply a total of 12.4 million doses, which was 4.5 months ahead of the initial contract schedule. This was achieved by delivering 4 million doses of FF and 8.4 million doses of FG Sinovac vaccines.

The request from MOH to expedite the deliveries of Sinovac Covid-19 vaccines through both FG and FF disrupted the whole process since the initial agreement was for FF delivery to MOH. However, as per the agreement with Sinovac, Pharmaniaga continued to produce the FF doses until the completion of the total 14 million doses purchased earlier. Upon completion of the delivery of 12.4 million doses, MOH had requested for an additional 8 million doses, bringing the total delivery to MOH to 20.4 million doses, consisting of 7.3 million doses of FF and 13.1 million doses of FG Sinovac vaccines. Concurrently, the total projected volume for the private market was estimated at 13.3 million doses, based on submissions of Letter of Intent (LOIs) from various state governments, private healthcare, and corporations. However, Pharmaniaga was not allowed to sell to the private market until the Group had fulfilled its commitment to the Government.

As a result, only 2.3 million doses were sold to the private sector, as Malaysia had achieved herd immunity earlier. Subsequently, with 11.2 million people had received the Sinovac primary vaccination, Pharmaniaga prepared for the administration of 11.2 million doses as the first booster. Additionally, 6 million doses were allocated for the vaccination of adolescents aged between 12-17 years old, and 3 million doses for children aged 5-11 years old. Unfortunately, the announcement of a mixed vaccines policy for booster vaccination by the Government on 4th October 2021, and the earlier approval of Pfizer-BioNTech Comirnaty vaccines for adolescents and children, had affected the demand for Sinovac vaccines.

Pharmaniaga had taken all the necessary prudent considerations in procuring the vaccines while concurrently balancing its obligation to the Government. As the purchases occurred during an emergency period and supplies were scarce, ensuring adequate supply was the primary consideration. The Group has stopped purchasing Sinovac COVID-19 vaccine since September 2021.

MUHAMMAD HARIZ BIN SA'ID

27. The Sinovac vaccine was controversially opposed by many groups including studies as early as Feb 2021. That should have highlighted an imminent risk that affects the demand for Sinovac. Was this information taken into consideration? If not, please provide a justification

Answer: As per the WHO, killed vaccines, including the Sinovac COVID-19 vaccine, have demonstrated adequate efficacy against COVID-19 infection. The protection provided by CoronaVac is similar to that of other approved vaccines against COVID-19 infection. Controversies surrounding killed vaccines have been refuted by medical bodies and agencies, including the WHO.

Integrated Report / e-Voucher / Gifts / Token (Question 28-91)

TEH PENG TIN

28. May I inquire as to the expenses incurred by the company in hosting this virtual AGM?

Would the Board of Directors consider providing e-vouchers for the company's products as a token of appreciation to those participating in today's Remote Participation and Voting (RPV)?

Additionally, I would like to formally request a printed hard copy of the company's annual report. Thank you.

KOH CHOOI PENG

29. I requested the hard copy of the Pharmaniaga Annual Report three weeks ago and, despite sending a reminder, I have not yet received it. This is not the only annual report that Tricor has

failed to send to me. I kindly request that you send it as soon as possible, considering the AGM is being held today. Thank you.

HOW SAY KEONG

30. Dear Chairman,

I requested a hard copy of the Annual Report in early May. As of today, noon, I have not received it yet. Could you kindly inform the registrar to expedite its delivery accordingly? Your understanding and cooperation in this matter would be greatly appreciated.

Thank you very much.

TAN KWAI YIN

31. Dear Chairman,

I request hard copy of annual report on early last month. Yesterday not receive yet.

Kindly proceed accordingly.

Thank you very much.

Warmest regards

MOHAMAD NAQUIDDIN BIN ROSDI

32. Is there any door gift for today's AGM? Can you send me the printed AR 2022? Thank you

CHEONG SIAN HOE

33. I am Cheong Sian Hoe. Kindly send me a copy of the latest annual report to my registered address, thank you. I wish to congratulate the Company for having past through 25 years. Please also reward us with e-voucher, will be very much appreciated, thanks again.

TAN KIM KHUAT

34. Please send me a printed report. Thank you.
- Please consider providing an e-voucher as in the previous year. Thank you.

HO CHUN SERN

35. Hi Chairman can I have a copy of annual report?

NGEE GEOK CHOO

36. Congratulations to our company on successfully hosting the 25th AGM. As a gesture of appreciation, we kindly request the distribution of e-vouchers to today's attendees. Additionally, I would like to request a copy of the latest annual report. Thank you.

CHEONG SENG TIN

37. I am Cheong Seng Tin. Please send me a print annual report.
Thank you.

HO CHUN KIT

38. Please send me hardcopy annual report.

ONG CHOW PENG

39. Please send me a printed copy of Annual Report for perusal.
Thank you very much.

LOO YEO MING

40. Please send printed Annual report.

LIM JIT THIN

41. Can you send me the printed annual report since I have yet to receive the request of the 2023 annual report upon registering for this online AGM here. Thank you.

LEONG WAI LENG

42. Afternoon BOD, please send a copy of annual report to me.
Please give wallet or evouchers to those attend this meeting. Tq
Annie goh

TAN SWEE ENG

43. Please send me a printed copy of the Annual Report, thank you.

CHEONG HOON SENG

44. Kindly send a copy of annual report to me. Thanks

TAN ENG WAUN

45. Appreciate you give us evoucher again. Thank you.

DEVINDER SINGH A/L TEHAL SINGH

46. Any GIFT for shareholders who voted?

LOO YEO MING

47. Please reconsider giving epharma RM100 for your loyal shareholders as a token of appreciation. Also, as replacement for dividen for your loyal shareholders who have lost their VSS money investing in you. Last year you as a caring director gave us epharma and manuka honey. Are you caring for us as cost of living have increased.

HO CHUN KIT

48. Request paracetamol as door gift, thank you

TAN ENG THENG

49. Appreciate very much to give us evoucher as in the past during COVID

Thank you.

TAN TENG CHEE

50. Good afternoon

Appreciate very much to give us evoucher again for pharmaceutical products

Thank you.

TAN BOON LYE

51. Any gift?

TAN MEI TENG

52. Got gift?

TAN KIM SING

53. Got gift?

SEE YOOT WAH

54. Good afternoon appreciate very much evoucher to buy health products

Thank you.

LEE CHONG SING

55. Good afternoon Mr.Chairman and board of directors.Kindly give us RM50 e-vouchers and honey like last year for being loyal shareholders and attending this Agm.Times are bad now. Please be considered to us during this trying times.Thankyou.

CHEAH YEW BOON

56. Kindly give light refreshments (eVoucher and/or eWallet and/or GrabFood) to attendees for this annual event

TEE BENG NGO

57. Please give us some doorgifts/e vouchers/e wallet for attending this RPV as a token of appreciation. Tq

LIM SAN KIM

58. Please reward plaster, red lotion, blue lotion, Apeton vitamin, etc. I can come to your store to pick up to save delivery hassle.

LEE MUN HOE

59. Kindly provide some form of door gifts to the loyal shareholders who participate in this AGM. Loyal shareholders had suffered loss on hard earned money due to crash on share price

SEE HAN CHOW

60. Thank you

KUM FOO WAH

61. Evoucher please

LIM SAN KIM

62. Auditor must allow refreshment budget in the account for Participant Shareholder so as not feel so down like share price.

RUDRA DEWI A/P THAVARAJAN

63. Dear Sir,

Please give us elunch for our participation.

Thank you.

TAN KIM SING

64. Got gift?

TAN BOON LYE

65. Got gift?

AW KUM WAH

66. Would a token of appreciation be given to shareholders who has taken their time and effort to attend this AGM?

TAN BOON AIK

67. What gift?

TEH SUE LENG

68. Can the BOD give e- voucher as a token of appreciation for attending today's RPV

CHIEW CHOY @ CHOW CHIN HOI

69. Please give e voucher for refreshment.

LIM ENG WAH

70. Request for Panadol as door gift

TEY CHIN

71. Good afternoon, Chairman (BOD) did the company to give door gift such as e voucher to those attending this AGM, thank you

LOO TUCK FATT

72. Please reconsider giving royal pharma voucher as BOD mention that there ia a remarkable profit despite being PN17 !!

GAN KIAN TEE

73. Good afternoon, Mr Chairman (BOD) consider to give out the door gift such as e voucher to those attending this AGM, tq.

CHAN CHEE KONG

74. Mr Chairman,

Any door gifts this year ? Have lost alot of money in this counter & worse still it's now PN17 !!!! Please give me some door gifts to at least compensate about our massive losses. Thank you.

LEE CHEW FOONG

75. Since our most respected Board of directors had decided not to give any door gift to shareholders who had given a lot of time, efforts, participation, contribution, involvement during this AGM, we as shareholders would like to propose that no directors fees and expenses should also be given to the Board of Directors for attending the AGM. It is most important that shareholders be treated fairly and with utmost respect. Thank

you very much for your kind assistance, understanding and support.

JUSTIN CHAN KEN YIP

76. Dear Honorable Chairman & Board of Directors,

We would like to request & appeal to your generosity in rewarding us your shareholders with E-Wallet and/or E-Vouchers as we had made the effort & took the trouble to attend this Virtual AGM. Thank You!

LUM PECK WAN

77. Dear Honorable Chairman & Board of Directors,

We would like to request & appeal to your generosity to reward us shareholders with E-Wallet and/or E-Vouchers as we had made the effort & took the trouble to attend this VIRTUAL AGM. ALSO LOST MONEY AS YOUR SHARE PRICE HAS PLUMETTED DRASTICALLY ! =(=(

Thank You !

LIM SAN KIM

78. So much Director FEES and ALLOWANCE, please allow some REFRESHMENT for PARTICIPANT so as not to feel so down like SHARE PRICE

MOHD KHAIRUL SHAM BIN MAT TAHIR

79. Any doorgift this year

CHEW FOOK TECK

80. Would the management consider to give door gifts or e voucher to the shareholders who participate in this AGM?

TEE BENG CHOO

81. Please give us some doorgifts/e vouchers/e wallet for attending this RPV as a token of appreciation. Tq

LIM SAN KIM (Question 82-84)

82. Got gift?

83. Reward medical product to participant better than let it EXPIRE in the Store.

84. Ask Auditor to contribute refreshment to participant since there is no budget allow in the Audited Report.

CHAN NGUN FONG

85. By cutting our doorgifts using the PN17 excuse shows how inconsiderate the Board is, as we as shareholders are also suffering since we do not get any dividends. A small token of appreciation will at least help to lessen our burden of not getting

dividends plus suffering from sky-dive share price. Why the Board did not propose for fees / salaries reduction? Since the Company is not performing and you are responsible for running it.

CHAN LAI YIN

- 86. Hope the board of board will give us faithful shareholders e voucher or shopping voucher thanks**

TAN KIM KHUAT

- 87. Any door gift provided in the agm as previous years?**

LAU KHE YEAN

- 88. Will the Board consider giving door gift such e-voucher or e-wallets for those participating in this Agm as a token of appreciation?**

LOO YEO MING

- 89. Being in PN17 status, BOD should take a drastic cut in pay and benefits but, No. Therefore, BOD should consider giving doorgift as it is a very small amount compared to your fees and benefits. Are you a caring BOD?**

MOHD TAHIR BIN MAULUT

90. I humbly request BOD to give e-wallet or e-voucher to attendees as a token of appreciation today our company is celebrating its 25th anniversary.

I believe the token sum is small, manageable and within annual budgeted expenses. TQ.

HO THYE WAH

91. Mr Chairman, any door gift or e-wallet for attend minority shareholders

Answer for 1. The AGM was conducted virtually which was at a minimal cost, in line with our cost optimisation initiative.

Question

28 to 91: 2. Due to the Group's cash flow position as a result of the PN17 status, we are not in the position to give away any token this year. Once we are back financially strong, the Group shall consider to reward our loyal shareholders in future AGMs.

3. The printed hard copy of our 2022 Integrated Report has been sent to your registered address from 22 May to 15 June 2023.

Other Matters (Question 92-105)

LIM SAN KIM (Question 92-93)

92. Independent Director should not let the company impose pre-emptive right on small shareholders.

93. Share price reflect company performance, it it don't perform which mean we had make wrong decision, better consider other Director decision

Answer for Question 92 & 93: Pharmaniaga will always adhere to the highest standards of ethical conduct and governance as outlined in the Directors' Code of Ethics and Conduct in accordance with the Malaysian Code on Corporate Governance.

CLINT LOH CHI LUN (Question 94-95)

94. Are all board of directors present at today's AGM? If not, please indicate the directors who are absent and provide a reason for their absence. - MSWG

95. I am a representative of MSWG. Please indicate the directors who are absent and provide a reason for their absence.

Answer for Question 94 & 95: Yes, all were present on our 25th AGM.

LIM SAN KIM

96. Don't let the Politician to take away the profit so we can have more dividend and bonus.

Answer: We take note of your concern.

LEO ANN PUAT

97. Meeting started? If not, why no background music so that the participants will know that their internet connections are ok.

Answer: The AGM started promptly at 2.30pm.

LIM SAN KIM

98. Keep to virtual meeting if it is cheaper than physical so can pay more dividend.

Answer: We appreciate your support for us to continuously conduct our AGM virtually.

CHOY YAU KEE

99. When is the company going to conduct AGM where shareholders can physically present?

Answer: Conducting the AGM virtually in line with our cost-optimisation initiative and incur very minimal cost. We shall consider to have physical AGM once it is suitable.

LIM SAN KIM (Question 100 -103)

100. Concentrate on making profit and cost-saving then share price will go up and we will come out of PN17

Answer: We appreciate your support and working very hard to put Pharmaniaga back on track.

101. Don't engage expensive auditor to save some budget for participant's refreshment.

Answer: We take note of your concern. The auditor's appointment is by the shareholders during AGM.

102. Shareholder will support the company to convince the SC Commission, no need waste money to engage Scrutineer Officer, Registrar can witness the Pool Voting.

Answer: Appointment of the Scrutineer Officer is part of the procedure that we need to adhere.

CHUA SONG YUN

103. Pharmaniaga seems to be quite often suffer from big impairments or write down over the past few years - from the recent big impairment on inventory (FY2022), impairment on Indonesia business, impairment on the right of supply, and many other smaller impairments over the past few years. Does this suggest that there are serious corporate governance issues in our company?

Answer: All major business decisions went through a rigorous process via various working committees at the Board level. They were thoroughly scrutinised, evaluated, discussed, and debated before arriving at the final decisions. All these are part of the Group's corporate governance practice.

KOH CHOOI PENG

- 104. Can Datuk Lim and Dr Mary explain why they choose not to seek re-election after they initially consent to be re-elected at the issuance of the Notice of AGM. Please also state whether they have any disagreement with the Board on any matters relating to Pharmaniaga. Thank you.**

Answer: Both Datuk Lim and Dr Mary have decided to retire from the Board.

CHAN NGUN FONG

- 105. Please don't use the excuse of the Company being in PN17 to cut our doorgifts. The Board should look at other expenses that is a big chunk of the Company's expenses, for example your Directors fees / salaries / allowances / benefits, as by "over-ordering" the Covid-19 vaccines shows that you have not exercised your fiduciary duties properly. How much did the Company spend on CSR activities? Did you stop doing CSR activities (which you should)?**

Answer: The Directors' Remuneration is outlined in our Directors' Remuneration Policy and aligns with the best practice provisions of the Malaysian Code of Corporate Governance.

In Fiscal Year 2022, the Group allocated approximately RM3.1 million to Corporate Social Responsibility (CSR) activities. These activities are ongoing and aligned with our sustainability objectives, reflecting our commitment to enhancing and providing a better quality of life for future generations.

Strategy (Question 106-110)

HO SZE LUAN

106. What strategies do you have in place for the future to increase the returns for shareholders?

LAU KHE YEAN

107. May I know what is the company's future outlook?

LEE MUN HOE (Question 108-109)

108. How about abroad business outlook?
109. What is the company current plan to resolve financial turmoil?

MOHD TAHIR BIN MAULUT

110. May I know, what is the company's future outlook?
- When can we attend the physical meeting?

Answer for Question The Company's strategy is to implement a Regularisation Plan and improve shareholders' return by strengthening our business operation, focusing on five core pillars:

106 to 110:

1. Strengthen the Group's business relationships with the Government through continued drug supply;
2. Develop biopharma capabilities for vaccine and insulin production;

3. Optimise expenditure costs to improve operational efficiency;
4. Expand the Group's presence in the private market through collaborations and high-quality product offerings; and
5. Bolster the Group's business in Indonesia by expanding branches and introducing new products.

We are optimistic with the future of the Group as we return to the basic values and core business activities. These 5 pillars will guide the Group to reconcile its strengths and emerge stronger as we bring the Company to greater heights.