

AIRASIA GROUP BERHAD (“AAGB” OR THE “COMPANY”)

MEMORANDUM OF UNDERSTANDING BETWEEN AAGB AND AIMIA HOLDINGS UK II LIMITED

1. INTRODUCTION

On behalf of the board of directors of AAGB (“**Board**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that AAGB had on 22 March 2021 entered into a memorandum of understanding (“**MOU**”) with Aimia Holdings UK II Limited (“**AIMIA**”) to set out the mutual understanding of the discussions with respect to the proposed acquisition by AAGB of the remaining 1,665,000 ordinary shares in BigLife Sdn Bhd (“**BigLife**”), representing 20% equity interest in BigLife, not already held by AirAsia Digital Sdn Bhd (“**AirAsia Digital**”), a wholly-owned subsidiary of AAGB (“**Proposed Acquisition**”), and the key indicative terms and parameters of a share sale and purchase agreement to be entered into between the Parties in respect of the Proposed Acquisition (“**SSPA**”).

AAGB and AIMIA are, collectively, referred to as the “**Parties**”.

2. INFORMATION ON BIGLIFE

BigLife was incorporated under the laws of Malaysia on 9 December 2010. It is currently an 80%-owned subsidiary of AirAsia Digital.

BigLife is principally engaged in the business of managing customer loyalty schemes whilst its subsidiaries are involved in the marketing and distribution of loyalty programmes.

The issued share capital of BigLife is RM43,900,023.23 comprising 8,325,002 shares.

3. INFORMATION ON AIMIA

AIMIA was incorporated in the United Kingdom under the laws of England and Wales on 20 December 2010 under the name of Aimia Holdings UK II Limited as a private limited company.

The principal activity of AIMIA is that of a holding company which holds investments for Aimia Inc. group of companies (“**Aimia Inc.**”). Aimia Inc. was incorporated on 5 May 2008 under the laws of Canada and its principal activity involves long-term investments in public and private companies, on a global basis, through controlling or minority stakes.

The issued share capital of AIMIA is GBP502,423, comprising 50,242,369 shares. AIMIA is wholly-owned by Aimia Inc. Aimia Inc. is a holding company listed on the Toronto Stock Exchange with a market capitalisation of C\$431 million.

4. SALIENT TERMS OF THE MOU

The salient terms of the MOU are set out below:

(i) Binding

All terms and conditions expressed in the MOU are binding and constitute the mutual agreement made in the course of negotiation and shall be executed by the Parties in good faith.

(ii) Sale and purchase

AIMIA agrees to sell, and AAGB agrees to purchase 1,665,000 ordinary shares in BigLife, constituting 20% of the issued and paid-up share capital in BigLife (“**Sale Shares**”). AAGB may nominate any of its affiliates (namely, AirAsia Digital) to receive the Sale Shares on completion.

(iii) Purchase consideration

The consideration for the sale and purchase of the Sale Shares shall be RM103,037,500.00 (approximately, USD25.00 million based on the exchange rate of USD1.00:RM4.1215) (“**Purchase Consideration**”) to be satisfied by the issuance of 85,864,583 new ordinary shares in AAGB (“**AAGB Shares**”) to be allotted and issued to AIMIA at an issue price of RM1.20 per AAGB Share (“**Consideration Shares**”).

AAGB shall issue the Consideration Shares to AIMIA on completion. The Consideration Shares shall, upon allotment and issue, rank equally in all respects with each other and with the then existing AAGB Shares and any other shares issued by AAGB save and except that the holder of Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of AAGB, the entitlement date of which is prior to the date of allotment of the Consideration Shares.

For information purposes, the Purchase Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into consideration, *inter alia*, the following:

- (i) the previous purchase consideration paid by AIMIA in 2014 when it acquired its initial stake in BigLife which valued BigLife at USD109 million for 100.00% equity interest;
- (ii) the rationale and synergistic benefits of the Proposed Acquisition; and
- (iii) the future prospects of BigLife which includes, amongst others, its key initiatives to accelerate growth and continue building presence in ASEAN as it grows together with the Group’s other digital initiatives and transformation plans.

The issue price of RM1.20 per Consideration Share had taken into consideration the historical trading prices of AAGB and represents a premium over the following closing market prices and volume weighted average market prices (“**VWAP**”) of AAGB Shares:

	Market price	Premium over market prices/VWAP	
	RM	RM	%
Closing price of AAGB Shares as at 19 March 2021, being the market day immediately preceding the date of the MOU (“ LPD ”)	1.1900	0.0100	0.84
5-day VWAP of AAGB Shares up to and including the LPD	1.1796	0.0204	1.73
1-month VWAP of AAGB Shares up to and including the LPD	1.0267	0.1733	16.88
3-month VWAP of AAGB Shares up to and including the LPD	0.9472	0.2528	26.69

The Company will not be assuming any liabilities, including contingent liabilities and guarantees, pursuant to the Proposed Acquisition.

(iv) Conditions

The obligations of the Parties to complete the Proposed Acquisition are subject to the following:

- (a) passing at a general meeting of AAGB of the requisite resolutions to approve the issuance of the Consideration Shares; and
- (b) the receipt of the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Malaysia Securities Berhad.

(v) Governing law

The MOU shall be governed by the laws of Malaysia.

5. RATIONALE FOR THE MOU

The MOU confirms the mutual understanding of the discussions between the Parties with respect to the Proposed Acquisition and outlines the key indicative terms and parameters of the SSPA.

The rationale and benefits of the Proposed Acquisition are, *inter- alia*, as follows:

- (i) the Proposed Acquisition will enable the AAGB and its subsidiaries (“**Group**”) to gain 100% control of BigLife and be in the position to drive the future strategic direction, accelerate decision making and increase efficiency and productivity of the business; and
- (ii) the digital initiatives of the Group under AirAsia Digital have been on a growth trajectory with the transformation of its subsidiaries into an all-in-one digital travel and lifestyle ecosystem anchored by the airasia super app platform, a single platform offering all products under the Group as well as third parties. The Proposed Acquisition would also enable the Group to drive greater synergies with the Group, which would further increase the value of AAGB’s digital assets thereby strengthening AAGB’s position to recover on a stronger footing from the COVID-19 pandemic.

6. FINANCIAL EFFECTS

The MOU is not expected to have any effects on the issued share capital and substantial shareholders’ shareholdings of AAGB, as well as the net assets, gearing, earnings and earnings per share of the Group.

The financial effects of the Proposed Acquisition can only be determined upon the execution of the SSPA.

7. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive and/or persons connected with them have any interest, direct or indirect, in the MOU.

8. DIRECTORS' STATEMENT

The Board, having considered all aspects of the MOU, is of the opinion that the MOU is in the best interest of the Company.

9. APPROVALS REQUIRED

The execution of the MOU does not require the approval of shareholders of the Company or any relevant authorities. However, upon execution of the SSPA, AAGB will make a further announcement in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and will seek shareholders' approval for the issuance of the Consideration Shares to be issued pursuant to the Proposed Acquisition at an extraordinary general meeting to be convened.

10. ADVISER

RHB Investment Bank has been appointed as the Principal Adviser for the Proposed Acquisition.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the MOU will be made available for inspection at the registered office of AAGB at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA2), 64000 KLIA, Selangor Darul Ehsan, Malaysia, during regular office hours from Monday to Friday (excluding public holidays) for a period of three (3) months from the date of this announcement.

A detailed announcement on the Proposed Acquisition will be made upon finalisation of the terms and conditions and execution of the SSPA.

This announcement is dated 22 March 2021.