

DIGI.COM BERHAD (“DIGI” OR “COMPANY” OR AFTER THE PROPOSED MERGER, “MERGECO”)

- (I) PROPOSED MERGER OF CELCOM AXIATA BERHAD (“CELCOM”) AND DIGI (“PROPOSED MERGER”); AND
- (II) PROPOSED EXEMPTION UNDER PARAGRAPH 4.08(1)(A) OF THE RULES ON TAKE OVERS, MERGERS AND COMPULSORY ACQUISITIONS (“RULES”) FOR AXIATA GROUP BERHAD (“AXIATA”) AND PERSONS ACTING IN CONCERT (“PAC”) WITH IT, FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING ORDINARY SHARES IN DIGI NOT ALREADY OWNED BY IT AND ITS PACs UPON COMPLETION OF THE PROPOSED MERGER (“PROPOSED EXEMPTION”)

(THE ABOVE ARE TO BE COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

We refer to Digi’s announcement dated 8 April 2021 in relation to the discussions between Telenor ASA (“**Telenor**”), the parent company of Digi’s largest shareholder, Telenor Asia Pte Ltd (“**Telenor Asia**”), and Axiata to merge the telco operations of Celcom and Digi, in which Telenor and Axiata will have an equal ownership of 33.10% each in the merged company, as well as the indicative total cash sum to be received by Axiata (“**Digi Initial Announcement**”).

On behalf of the Board of Directors of Digi (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that Digi has on 21 June 2021 entered into a conditional share purchase agreement with Axiata for the Proposed Merger (“**SPA**”).

Pursuant to the SPA, Digi and Axiata have agreed for Axiata to transfer 1,237,534,681 ordinary shares in Celcom (“**Celcom Shares**”) representing 100% of the equity of Celcom for an aggregate consideration of RM17,756,156,250 which shall be satisfied by:

- (i) Digi issuing concurrently:
 - (a) 73,378,844 fully paid-up new ordinary shares of Digi (“**Digi Shares**”) or such other number of fully paid-up new Digi Shares representing 0.63% of the enlarged share capital of Digi on completion of the Proposed Merger (the “**0.63% Digi Shares**”) to Telenor Asia as nominee of Axiata subject to, amongst others, the payment by Telenor Asia to Axiata of a cash consideration of RM297,918,107 (“**0.63% Digi Shares Cash Consideration**”) in accordance with the MTA (as defined below); and
 - (b) 3,883,129,144 fully paid-up new Digi Shares or such other number of fully paid-up new Digi Shares representing 33.10% of the enlarged share capital of Digi on completion of the Proposed Merger (the “**33.10% Digi Shares**”) to Axiata,

(the 0.63% Digi Shares and the 33.10% Digi Shares are collectively referred to as the “**Consideration Shares**”); and
- (ii) Digi making a cash payment of an amount equal to RM1,692,733,818 (“**Cash Consideration**”) (which is subject to adjustment under the terms of the SPA, as explained in paragraph 2 of Section A of **Appendix III** of this announcement) to Axiata.

The Consideration Shares and the Cash Consideration are collectively referred to as the “**Total Consideration**”. Based on the Total Consideration of RM17,756,156,250 and the Cash Consideration of RM1,692,733,818, the Consideration Shares to be issued is at RM16,063,422,432, and this translates into an issue price of RM4.06 per Consideration Share (“**Issue Price**”).

Telenor, Telenor Asia, and Axiata have entered into a Master Transaction Agreement (“**MTA**”) to amongst others, record their agreement for Axiata to nominate Telenor Asia to be issued directly the 0.63% Digi Shares in consideration of the 0.63% Digi Shares Cash Consideration (“**Shares Equalisation Arrangement**”). Upon completion of the Shares Equalisation Arrangement, Telenor Asia and Axiata will each have equal shareholding of 33.10% in Digi.

In connection with and upon completion of the Proposed Merger, Telenor Asia, Telenor, and Axiata will also enter into a Shareholders Agreement (“**SHA**”) with each other. Further details of the SHA are set out in Section 2.3 below.

Pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), the Proposed Merger is deemed a related party transaction by virtue of the Shares Equalisation Arrangement in which Telenor and Telenor Asia are parties to it. Please refer to Section 11 of this announcement for the details on the interests of directors, major shareholders and/or persons connected to them.

In conjunction with the Proposed Merger, Axiata intends to seek an exemption from the Securities Commission Malaysia (“**SC**”) under Paragraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer to acquire the remaining Digi Shares not already owned by it and its PACs, which will include Telenor Asia and its holding companies, pursuant to the Proposed Merger (“**Mandatory Offer**”).

Further details on the Proposals are set out below.

2. DETAILS OF THE PROPOSED MERGER

2.1 Proposed Merger

The Proposed Merger involves Digi issuing Consideration Shares concurrently to both Axiata and Telenor Asia, as nominated by Axiata, and making payment of the Cash Consideration to Axiata, in exchange for the Celcom Shares held by Axiata.

Subject to the terms and conditions of the SPA, the Celcom Shares shall be transferred to Digi free from all encumbrances and together with all rights that attach to them. Please refer to Section 2.2 below for details of the Shares Equalisation Arrangement.

Based on the issued share capital of Digi of 7,775,000,000 Digi Shares, as at 17 May 2021, being the latest practicable date prior to the date of this announcement (“**LPD**”), the Consideration Shares to be issued to both Axiata and Telenor represent approximately 33.73% of the enlarged issued share capital of Digi upon the completion of the Proposed Merger.

Upon completion of the Proposed Merger, Celcom and its group of companies (“**Celcom Group**”) will form part of the Digi group of companies (“**Digi Group**”) (collectively, the “**MergeCo Group**”). For further details on the Celcom Group, please refer to **Appendix I** of this announcement.

The salient terms of the SPA are set out in **Appendix III** of this announcement.

2.2 Shares Equalisation Arrangement and MTA

To enable the Shares Equalisation Arrangement to be implemented, pursuant to the MTA, Axiata shall nominate Telenor Asia to receive the 0.63% Digi Shares to be issued directly from Digi, in consideration of the 0.63% Digi Shares Cash Consideration. The 0.63% Digi Shares will be issued directly by Digi to Telenor Asia concurrently with the issuance of the 33.10% Digi Shares to Axiata.

Upon the completion of the Shares Equalisation Arrangement under the Proposed Merger, Telenor Asia and Axiata will each have equal shareholding of 33.10% in Digi.

The salient terms of the MTA will be set out in Axiata's announcement on the Proposed Merger. These terms have been provided by Axiata to Digi and are set out in **Appendix III** of this announcement.

2.3 SHA

In connection with and upon completion of the Proposed Merger, Telenor Asia and Telenor (as guarantor of Telenor Asia), and Axiata will enter into the SHA. The SHA is a private understanding between Telenor Asia, Telenor and Axiata of which Digi is not a party to it.

The agreed form of the SHA sets out, amongst others, the parties' respective rights and obligations with respect to the activities and governance of the MergeCo Group, and ownership and disposition of Digi Shares, the composition of the Board and nomination of directors to the Board, the merger integration plan and the objective for MergeCo to establish an innovation centre to foster technology transformation and digitalisation in Malaysia.

The salient terms of the SHA will be set out in Axiata's announcement on the Proposed Merger. These terms have been provided by Axiata to Digi and are set out in **Appendix III** of this announcement.

2.4 Letter Agreement between Telenor and Digi

In furtherance of the aims of the Proposed Merger, Telenor and Digi have by a letter agreement issued by Telenor and accepted by Digi on the same date as the SPA ("**Letter Agreement**") mutually agreed to provide various support to each other regarding certain steps and processes to achieve the completion of the Proposed Merger under the SPA. The support includes among others:

- (i) the sharing of communications and information in relation to the satisfaction of regulatory conditions in the SPA;
- (ii) subject to compliance with Digi's policies and processes, use reasonable endeavours to carry out certain pre-closing integration planning matters set out in the SPA; and
- (iii) the settlement of all indebtedness owing by a Telenor group member to a Digi group member and vice versa immediately before the completion of the Proposed Merger and the release and full discharge of such indebtedness.

2.5 Basis and justification for the Total Consideration

The Total Consideration was discussed between Telenor and Axiata prior to the Initial Announcement taking into consideration, amongst others, the following:

- (i) the historical performance of Digi Group and Celcom Group (as set out in Section 5 of **Appendix I** of this announcement);
- (ii) the rationale of the Proposed Merger as set out in Section 4;
- (iii) the future prospects of the MergeCo Group upon completion of the Proposed Merger as set out in Section 5; and
- (iv) the proforma shareholding of Axiata and Telenor in the MergeCo Group upon completion of the Proposed Merger.

In determining that the Total Consideration can be justified, the Board (save for the Interested Directors as defined in Section 11) has taken into consideration a range of factors including, amongst others, the basis of the Total Consideration as set out above and the following:

- (l) the Total Consideration which translates into the following implied multiples for Celcom, and the similar implied multiples for the derived value of Digi based on the Issue Price (of RM4.06 per Digi Share) for comparison:

	Celcom⁽⁶⁾ (RM million)	Digi (RM million)
Enterprise Value (“ EV ”)	24,497.7 ⁽¹⁾	36,715.7 ⁽²⁾
Earnings before interest, tax, depreciation and amortisation (“ EBITDA ”) ⁽³⁾	2,589.9	3,080.0
Free Cash Flow (“ FCF ”) ⁽⁴⁾	1,605.8	2,359.8
Profit after tax attributable to the owners of the company (“ PATAMI ”) ⁽⁵⁾	677.4	1,221.0
Implied EV/FCF multiple (times)	15.3	15.6
Implied Price-to-earnings (“ P/E ”) multiple (times)	26.2 ⁽⁷⁾	25.9 ⁽⁸⁾
Implied EV/EBITDA multiple (times)	9.5	11.9

Notes:

- (1) Based on the Total Consideration of RM17,756.2 million, and the following items for Celcom based on its audited financial statements for the financial year ended (“**FYE**”) 31 December 2020:
 - (a) total borrowings (including lease liabilities) of RM8,271.8 million;
 - (b) cash of RM1,452.7 million;
 - (c) non-controlling interest of RM77.3 million;
 - (d) investment in associated company of RM132.4 million; and
 - (e) investment in joint ventures of RM22.6 million.
- (2) Based on the Issue Price multiplied by 7,775,000,000 outstanding Digi Shares (resulting in a derived value of RM31,566.5 million), Digi’s total borrowings (including lease liabilities) and cash of RM5,452.0 million and RM302.9 million respectively based on its audited financial statements for the FYE 31 December 2020.
- (3) EBITDA figures of Celcom and Digi are extracted from the annual reports of Axiata and Digi respectively for the FYE 31 December 2020.
- (4) FCF has been determined as EBITDA less paid capital expenditures. The paid capital expenditures are extracted from the Annual Report of Digi and the audited accounts of Celcom respectively for the FYE 31 December 2020.

- (5) *PATAMI figures are extracted from the Annual Report of Digi and the audited accounts of Celcom respectively for the FYE 31 December 2020.*
 - (6) *Celcom's figures have not taken into consideration the effects of carving out the Excluded Assets (as set out in Section 6 of Appendix I) as it is not expected to be material.*
 - (7) *Celcom's implied P/E multiple has been computed based on the Total Consideration of RM17,756.2 million and Celcom's PATAMI of RM677.4 million.*
 - (8) *Digi's implied P/E multiple has been computed based on the Issue Price multiplied by 7,775,000,000 outstanding Digi Shares and Digi's PATAMI of RM1,221.0 million.*
- (II) the Total Consideration is within the market value range for 100% equity interest in Celcom Group, as assessed by KPMG Corporate Advisory Sdn Bhd, being the Independent Valuer appointed by the Company to conduct an independent assessment on the equity value of Celcom Group;
 - (III) the proportion of Consideration Shares and cash payment involved to satisfy the Total Consideration and the Issue Price of the Consideration Shares; and
 - (IV) the terms and conditions of the SPA and of the price paid by Telenor Asia as specified in the MTA for the 0.63% Digi Shares to be issued to Telenor Asia in respect of the Shares Equalisation Arrangement.

The issuance of the Consideration Shares is the most appropriate means of satisfaction of the Total Consideration, that is not to be paid in cash, given the objective of the proposal is for the merger of Celcom and Digi whereby all existing shareholders are to stay invested in the equity of the MergeCo. The Cash Consideration and the Shares Equalisation Arrangement in the Proposed Merger is intended to balance the shareholding of Telenor Asia and Axiata in MergeCo at 33.10% each.

2.6 Basis and justification for the Issue Price of the Consideration Shares

The Issue Price (of RM4.06 per Digi Share) was derived by Telenor and Axiata on a willing-buyer and willing-seller basis, based on the historical market price of Digi Shares up to 7 April 2021, being the day prior to the date the parties announced to Bursa Securities that they are in advanced discussions on the Proposed Merger (i.e. the Digi Initial Announcement) ("**Digi Initial Announcement LTD**").

The Issue Price represents a premium or discount to the following market price or volume-weighted average market price ("**VWAMP**") of Digi Shares up to the Digi Initial Announcement LTD:

<i>For the period up to Digi Initial Announcement LTD</i>	Share price RM	Premium / (Discount) over share price	
		RM	%
Last traded market price of Digi Shares	3.75	0.31	8.3
5-day VWAMP	3.65	0.41	11.2
1-month VWAMP	3.69	0.37	10.2
3-month VWAMP	3.77	0.29	7.8
6-month VWAMP	3.89	0.17	4.3
1-year VWAMP	4.08	(0.02)	(0.4)

(Source: Thomson Reuters)

For information purposes, the premium or discount of the Issue Price to the following market price or VWAMP of Digi Shares up to 18 June 2021, being the last full trading day of Digi Shares prior to the date of this announcement (“LTD”) is set out below.

<i>For the period up to and including the LTD</i>	Share price RM	Premium / (Discount) over share price	
		RM	%
Last traded market price of Digi Shares	4.18	(0.12)	(2.9)
5-day VWAMP	4.23	(0.17)	(4.0)
1-month VWAMP	4.23	(0.17)	(4.0)
3-month VWAMP	4.17	(0.11)	(2.6)
6-month VWAMP	4.02	0.04	1.0
1-year VWAMP	4.06	0.00	0.0

(Source: Thomson Reuters)

2.7 Ranking of the Consideration Shares

The Consideration Shares shall, upon issuance and allotment, be of the same class and rank equally in all respect with the then existing Digi Shares, save and except that the holders of such Consideration Shares shall not be entitled to any dividends and/or other distributions declared by Digi, the entitlement date of which is prior to the date of allotment of the Consideration Shares, and shall be free from all encumbrances.

2.8 Listing of the Consideration Shares

An application will be made to Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities.

2.9 Indebtedness owing from Celcom to Axiata

Pursuant to a mudharabah agreement between Axiata and Celcom Networks Sdn Bhd (“**CNSB**”), a wholly-owned subsidiary of Celcom (“**CNSB Shareholders Loan Agreement**”), Axiata has extended a mudharabah facility of RM2.4 billion to CNSB (“**CNSB Shareholders Loan**”). The CNSB Shareholders Loan Agreement contains a right for Axiata to require the entire CNSB Shareholders Loan to be repaid within 60 days if Axiata’s effective shareholding in CNSB falls below 51.0% (“**Mandatory Refund Event**”).

Axiata and Digi have agreed in the SPA that prior to or on completion of the Proposed Merger, Axiata shall amend the maturity date in the CNSB Shareholders Loan Agreement to a date that occurs six (6) months after the completion of the Proposed Merger. Axiata will also waive its rights to the compulsory refund provision in the CNSB Shareholders Loan Agreement such that the outstanding loan amount owing will not be required to be repaid in the event the provisions is triggered by the Mandatory Refund Event pursuant to the Proposed Merger. Axiata may at its sole discretion, upon the request of CNSB, extend the maturity date by a further six (6) months.

Upon completion of the Proposed Merger, MergeCo Group may procure the refinancing of the CNSB Shareholders Loan in full or in part with borrowings, the amount of which will only be determined later and will depend on, amongst others, the MergeCo Group’s projected cash reserves and future funding requirements.

2.10 Litigation suits involving Celcom Group

Among the material litigations involving the Celcom Group, are two (2) suits, namely the Conspiracy Suit and Indemnity Suit (as defined in Section 7 of **Appendix I** of this announcement respectively) involving Celcom and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“**Celcom Resources**”), a 100%-owned subsidiary of Celcom, and for which both entities are subject to two (2) separate counterclaims initiated by Tan Sri Dato’ Tajudin Ramli (“**TSDTR**”) and Dato’ Bistamam Ramli (“**BR**”), each of which is for claims of up to RM7.2 billion plus interest and other relief (“**TSDTR Counterclaims**”). The notes to the audited financial statements of Axiata and Celcom as at 31 December 2020 disclose these material litigations as contingent liabilities, and further disclose that the board of directors of Axiata, based on external legal advice received, are of the view that it has good prospects of successfully defending these two (2) counterclaims.

Axiata and Digi have agreed in the SPA that if Celcom and Celcom Resources are unsuccessful in defending these two (2) counterclaims, Axiata shall indemnify the MergeCo Group and pay on demand, a sum, which is essentially equivalent to sums payable or required to be provided by the MergeCo Group in respect of these two (2) material litigations, whether payable as a result of a compromise, settlement, insurance or other agreement, or any judgment, order, or award (including legal or other costs and interest) and certain losses (“**TSDTR Indemnity**”). The TSDTR Indemnity is uncapped in terms of quantum and has no time limit.

The details of these material litigation suits are set out in Section 7 of **Appendix I** of this announcement while details of the TSDTR Indemnity are set out in paragraph 7 of Section A of **Appendix III** of this announcement. Please also refer to Section 6.5 of Risk Factors for the risk factors surrounding these material litigations.

2.11 Liabilities to be assumed

Save for the obligations and liabilities of Digi arising from or in connection with the SPA, the liabilities, including contingent liabilities of the Celcom Group which is the subject of the Proposed Merger (including that of the two (2) material litigations set out in Section 2.10 above) and the guarantees issued by the Celcom Group, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by Digi arising from the Proposed Merger.

2.12 Additional financial commitment

Digi does not expect to incur additional financial commitment to put the business of the Celcom Group on-stream in view that the Celcom Group is long established and has on-going operations.

As set out in Sections 2.9 and 2.13, MergeCo Group may incur borrowings in connection with the Proposed Merger.

2.13 Source of funding of Cash Consideration

Digi intends to fund the Cash Consideration through internally generated funds and/or bank borrowings. The breakdown of the source of funding will only be determined later and will depend on, amongst others, the MergeCo Group's projected cash reserves and future funding requirements.

2.14 Information on Axiata

Please refer to **Appendix II** of this announcement for information on Axiata.

2.15 Original cost and date of investment by Axiata

Based on information provided by Axiata, the total original cost of investment in Celcom made by Axiata on 25 April 2008 is approximately RM4,677.0 million.

2.16 Details of new controlling shareholder upon completion of the Proposed Merger

Upon completion of the Proposed Merger and Shares Equalisation Arrangement, Axiata will become a new shareholder of MergeCo, who together with Telenor Asia will jointly control the MergeCo with equal shareholding of 33.10% each and a combined stake of 66.20%.

2.17 Change in the Board and change to Chief Executive Officer and Deputy Chief Executive Officer positions upon completion of the Proposed Merger

Upon completion of the Proposed Merger, the composition of the Board of the Company is expected to be changed to reflect the participation of Axiata and Telenor Asia as controlling shareholders. For more information on the composition of the new board members, please refer to paragraph 2.1 of Section C of **Appendix III** of this announcement.

Pursuant to the SPA, Mohamad Idham Nawawi and Albern Murty will be appointed as Chief Executive Officer and Deputy Chief Executive Officer of the MergeCo respectively.

2.18 Change of name of “Digi.Com Berhad” to “Celcom Digi Berhad”

It has also been agreed under the SPA, that after the completion of the Proposed Merger, Digi shall convene and hold a shareholders meeting as promptly as reasonably practicable following the completion of the Proposed Merger but in any event within three (3) months after the completion of the Proposed Merger, for the shareholders to consider a resolution to change the name of Digi from “Digi.Com Berhad” to “Celcom Digi Berhad”.

2.19 Related party arrangements arising from the Proposed Merger

On completion of the Proposed Merger, all related party arrangements between the Telenor group of companies and the Digi Group, as well as all arrangements between the Axiata group of companies and the Celcom Group which would on completion of the Proposed Merger become related party arrangements of the MergeCo Group, would have been terminated save for certain existing related party arrangements that are necessary for the business or operations of both Digi Group and Celcom Group will continue in accordance with the terms of the SPA.

Further, the MergeCo Group may enter into new related party arrangements with Telenor and Axiata involving brand name usage and transitional services while the Celcom Group may enter into new arrangements with the Axiata group of companies which would on completion of the Proposed Merger become related party arrangements of the MergeCo Group but the latter can only be entered into in the ordinary course of business of the applicable Celcom Group member and on arm’s length terms.

3. DETAILS OF THE PROPOSED EXEMPTION

Upon completion of the Proposed Merger, the shareholdings of Axiata in Digi will increase from nil to 33.10%. Additionally, pursuant to the SHA to be entered into between Axiata, Telenor Asia and Telenor (as guarantor of Telenor Asia) upon the completion of the Proposed Merger, Telenor Asia and its holding companies will be deemed PAC to Axiata in relation to their shareholdings in MergeCo. Axiata together with Telenor Asia will collectively hold 66.20% of the equity interest in the MergeCo.

In accordance with Paragraphs 4.01 and 4.04 of the Rules, Axiata and its PACs, which include Telenor Asia and its holding companies will be obliged to undertake the Mandatory Offer upon the SPA becoming unconditional.

The shareholdings of Axiata, Telenor Asia and the holding companies of Telenor Asia, in Digi as at the LPD and upon completion of the Proposed Merger are as follows:

	As at the LPD				After the Proposed Merger			
	Direct		Indirect		Direct		Indirect	
	No. of Digi Shares ('000)	% ⁽¹⁾	No. of Digi Shares ('000)	% ⁽¹⁾	No. of Digi Shares ('000)	% ⁽²⁾	No. of Digi Shares ('000)	% ⁽²⁾
Axiata	-	-	-	-	3,883,129	33.10	-	-
Khazanah Nasional Berhad ⁽³⁾	-	-	-	-	-	-	3,883,129	33.10
Telenor Asia	3,809,750	49.00	-	-	3,883,129	33.10	-	-
Telenor Mobile Communications AS ⁽⁴⁾	-	-	3,809,750	49.00	-	-	3,883,129	33.10
Telenor Mobile Holding AS ⁽⁵⁾	-	-	3,809,750	49.00	-	-	3,883,129	33.10
Telenor ⁽⁶⁾	-	-	3,809,750	49.00	-	-	3,883,129	33.10

Notes:

- (1) Calculated based on 7,775,000,000 Digi Shares.
(2) Calculated based on the enlarged share capital of 11,731,507,988 Digi Shares.
(3) Deemed interested by virtue of its 36.75% interest in Axiata.
(4) Deemed interested by virtue of its 100% interest in Telenor Asia.
(5) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
(6) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

As it is not the intention of Axiata and its PACs, including Telenor Asia and its holding companies to undertake the Mandatory Offer for the remaining Digi Shares that they do not already own pursuant to the completion of the Proposed Merger, Axiata intends to seek an exemption from the SC for itself and its PACs, including Telenor Asia and its holding companies, pursuant to Paragraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer.

Pursuant to the Rules, the SC may consider granting the Proposed Exemption if, amongst others, the approval of the non-interested shareholders of Digi for the Proposed Exemption is obtained at an extraordinary general meeting (“**EGM**”) of Digi to be convened and there have been no disqualifying transactions entered into by Axiata or any of its PACs in accordance with Paragraph 4.08 of the Rules.

4. RATIONALE OF THE PROPOSALS

4.1 Proposed Merger

Celcom and Digi are both established Malaysian telecommunications (“**Telco**”) operators, providing Telco services, infrastructure, information technology and data services in Malaysia. Currently controlled by Axiata and Telenor respectively, the proposed merger of Celcom and Digi signify the partnership of two (2) established multi-market Telco players in South-East Asia, who will jointly control the MergeCo.

Malaysian Telco industry facing headwinds

The Malaysian Telco industry continues to see headwinds with the top three (3) mobile operators experiencing declining revenue over the past five (5) years. Aggressive competition and presence of multiple Mobile Virtual Network Operators (MVNOs) has led to price wars and continued pressure on profitability, and is likely to influence investment levels in the coming years and affect the ability to effectively serve the needs of customers, in the face of rapidly escalating data usage year on year.

Commercially stronger and more resilient

By pooling together the financial strengths, resources, capabilities and experiences of Celcom and Digi, the MergeCo Group will have enhanced capacity to support Malaysia's digital aspirations and bring multiple benefits for the broader Malaysia economy, while being more resilient towards global macro-economic and local Telco industry challenges.

Stronger capability to invest and drive digitisation, innovation and sustainable growth

In addition, the MergeCo Group will have greater scale to invest in improved network coverage and quality, drive fifth-generation cellular network ("5G") solutions, catalyse new growth opportunities for large enterprises, SMEs and start-ups, and attract and partner global digital giants in support of MyDigital aspirations. The MergeCo Group will also leverage on combined economies of scale, while creating consumer benefits through strengthening core distribution, delivering improved network operations, and realising efficiencies from other operational activities. Finally, the MergeCo Group will be a stronger platform to drive the development and growth of local talent.

4.2 Proposed Exemption

As it is not the intention of Axiata and its PACs, including Telenor Asia and its holding companies, to undertake the Mandatory Offer, the Proposed Exemption has been included as part of the Proposals. The Proposed Merger is conditional upon the Proposed Exemption having been approved by the non-interested shareholders of Digi and the SC.

5. FUTURE PROSPECTS OF THE MERGECO GROUP

In Malaysia, the Telco industry has seen significant shifts in terms of industry structure and competitive landscape, beyond the traditional players. Technology advancement and digital service adoption has surged exponentially thereby creating opportunities across the consumer, home, enterprise ICT and internet of things ("IoT") / machine to machine ("M2M") market segments.

Support MyDigital aspirations

The Malaysian government recently unveiled its MyDigital aspirations which included several key initiatives which target to accelerate innovation and create an effective digital ecosystem such as strengthening mobile connectivity through 4G and the introduction of 5G services, enabling application of IoT, artificial intelligence ("AI") and machine learning, and unlocking industry competitiveness. The global COVID-19 pandemic is accelerating the shift towards digitalisation and the MyDigital blueprint sets the pathway for economic transformation that strategically positions the nation to be highly competitive in the new norm.

Where connectivity is a critical digitalisation enabler, the Telco industry will play an integral role in supporting the Government's decision to optimise 4G/LTE-A networks, and fast-track 5G services to deliver ubiquitous high-quality broadband speed and services to all Malaysian consumers and businesses. With this, MergeCo will be uniquely positioned to take advantage of opportunities that come with technological advancements and the surge in the adoption of digital services while in parallel, manage the evolving challenges of a highly competitive and complex environment.

Drive digitisation, innovation and sustainable growth

The MergeCo will have the capacity to invest in improved network quality, and drive 5G solutions and use cases. To keep Malaysia at the forefront of the digital evolution, innovation will be a key agenda of the MergeCo. In this context, MergeCo will create the innovation centre that will serve as a hub to drive research, technological advancements in AI, automation and IOT/M2M technology. The innovation centre will provide a platform for development of new digital start-ups and growth of the local ecosystem and is expected to catalyse 4IR digital transformation, development of 5G use cases and other technological advancement.

Deliver what matters most to customers

Customers will benefit significantly from the merger, as the merged company will have the capacity to provide better quality of service and at competitive rates. Customers also will be able to maintain their choice of mobile operator brand, as both Celcom and Digi brands will continue in the immediate period post-merger. The dual-brand strategy in place will allow MergeCo to effectively target different segments of the market.

Multiple benefits for the broader Malaysian economy

MergeCo understands that employees and partners are key assets. MergeCo is committed to protecting employee welfare with no forced retrenchments as well as to enable local startups, local vendors, SMEs, large enterprises to access Telenor and Axiata global markets, while attracting global partners into Malaysia. The innovation centre to be established by the MergeCo will play a role for staff to continue to develop across functions, build new competence and be part of future growth of the company as it explores new technologies and innovation. It will also be a key partner to the government, public and private players such as Malaysia's IR4.0 Innovation Hub (i.e. MyDigital, Malaysian Communications and Multimedia Commission ("MCMC")'s National Experience Centre) to support the local ecosystem.

6. RISK FACTORS IN RELATION TO THE PROPOSALS

6.1 Non-completion risk

The completion of the Proposed Merger is subject to amongst others, fulfilment or waiver of the conditions precedent and parties' performance of closing obligations in the SPA. In the event any of these conditions precedent is not fulfilled or waived, the SPA shall lapse and hence, Digi will not be able to complete the Proposed Merger. If a party's closing obligation is not performed by it, the other party has the option to terminate the SPA. There can be no assurance that the Proposed Merger will not be exposed to risks such as the inability to obtain the requisite approvals from the relevant authorities, shareholders of Digi and/or other relevant parties. Notwithstanding the above, the Board and management will use reasonable endeavours to ensure every effort is taken to ensure that the conditions precedent are fulfilled or waived, as the case may be, by the stipulated date (including proactively engaging the relevant authorities and third parties as necessary) as well as its performance of the closing obligations in the SPA.

6.2 Business risk

The performance of Celcom is subject to operating and business risks inherent in the telecommunications industry which is similar to that of Digi's. Through the Proposed Merger, the merged companies will be more resilient and in a better position to face headwinds from local telco industry and macroeconomics, leveraging on pooling-together of financial strengths, resources, capabilities, experiences and scale. This is in addition to amongst others, prudent financial policy and risk management.

6.3 Integration risk

The Proposed Merger is being undertaken with a view to create a leading Telco service provider with capabilities to drive innovation, facilitate a platform for accelerated digital growth as well as delivering high-quality connectivity and a diversified value proposition to customers. However, the Proposed Merger is exposed to market and execution risks on the integration plan of the MergeCo, and this may in turn affect MergeCo's ability to fully realise synergies of the Proposed Merger.

Upon completion of the Proposed Merger, the MergeCo will undertake the necessary efforts to mitigate the various risks and ensure that a proper integration exercise and management structure be put in place to ensure successful integration. That said, no assurance can be given that any integration efforts will not have a material adverse effect on the MergeCo Group's business performance and prospects.

6.4 Dependence on key management and qualified personnel

The performance and success of the MergeCo depends to a significant extent on the skills, abilities, experience and competencies of its key management personnel who are directly responsible for the day-to-day management and operations of the MergeCo Group. It is therefore critical to ensure that the right teams are put in place as soon as possible to ensure that the MergeCo is successfully integrated within the planned time frame. In addition, MergeCo will continue to ensure effective human resource management and development programme for its employees and a succession plan to attract and retain qualified and competent staff through competitive remuneration packages, training and professional development.

6.5 Impact of the failure in defending material litigation suits

If TSDTR and BR are successful in their TSDTR Counterclaims, the amounts claimed will each potentially be up to RM7.2 billion plus interest and any other reliefs claimed. Axiata and Digi have agreed in the SPA that if Celcom and Celcom Resources are unsuccessful in defending these TSDTR Counterclaims, the TSDTR Indemnity shall apply, which is uncapped in terms of quantum and has no time limit. If after the completion of the Proposed Merger, Celcom and Celcom Resources Berhad fail in their defence in the TSDTR Counterclaims, then Digi will claim under the TSDTR Indemnity.

Notwithstanding the TSDTR Indemnity fully covers sums payable by the MergeCo Group in respect of the TSDTR Counterclaims, there is no assurance that MergeCo will be able to fully recover or recover in a timely manner the amounts claimed under the TSDTR Indemnity. Additionally, MergeCo Group may also suffer indirect and consequential losses, which is not part of the TSDTR Indemnity. Should any of the above materialises, the TSDTR Counterclaims could materially and adversely affect the profitability, financial position and/or operations of the MergeCo Group, that may have a corresponding negative effect on the shareholders' value of MergeCo.

6.6 Impairment risk

According to MFRS 3 Business Combinations issued by the Malaysian Accounting Standards Board (MASB), the Company is expected to recognise goodwill arising from the Proposed Merger. The value of the goodwill will depend on the fair value of the assets, including intangible assets, and liabilities of Celcom as well as the market price(s) of Digi Shares at the time of completion of the Proposed Merger. The goodwill value will be subject to impairment test of at least once a year.

Whilst the management does not expect any impairment impact on the goodwill arising from the Proposed Merger, any material changes or events arising that may adversely affect the business prospects and/or assets of the MergeCo Group, i.e. adverse impact on the cash generating units of MergeCo Group, may result in such impairment. In the unlikely event the goodwill is impaired, the profitability of the MergeCo may be adversely affected that may have a corresponding effect on shareholders' value.

6.7 General economic, political and regulatory conditions

Like all other business entities, adverse developments in political, economic, regulatory and social conditions in Malaysia or overseas, directly or indirectly, could materially and adversely affect the financial prospects of the Celcom Group. Amongst the political, economic and regulatory uncertainties are changes in the risks of economic downturn in particular attributable to prolonged COVID-19 lockdowns, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules and regulation, changes in interest rates, inflation and taxation and political leadership.

In mitigating such risk, the MergeCo will continue to monitor key developments in the market environment and where needed, review its strategy, ambitions and strategic priorities to respond to significant changes. MergeCo will also assess its market position and make the necessary adjustments to its commercial strategy to protect its position. In addition, MergeCo will evaluate trade-offs on operating cost and capex in order to offer richer product offerings and device subsidies to defend its market share.

However, there is no assurance that any changes to the general economic, political and regulatory conditions will not have a material adverse effect on the results of operations and financial condition of the MergeCo Group.

6.8 Impact of containment measures to curb the COVID-19 virus on the MergeCo Group's business and operations

During the last financial year, the COVID-19 pandemic has spread across globally resulting in lockdown or similar measures imposed by governments to curb the spread of the virus. These have resulted in adverse impact to the performance of global economies including Malaysia. Even with any gradual relaxation of movement control measures, consumer sentiment is expected to remain dampened in the near future as consumers remain cautious in their spending.

MergeCo will continue to monitor the COVID-19 situation and key developments in government policies, directive, assistance and communication. Based on the evaluation of COVID-19 policies and measures, and where necessary, MergeCo will make the relevant adjustments to ensure compliance with government policies and directive, business continuity as well as defending its market position. MergeCo will ramp up digitisation of its customer journeys, modernising its channels and operating model transformation for productivity and growth to further strengthen its resilience against external impact from COVID-19.

That said, there is no assurance that any further movement control or similar measures to curb the COVID-19 outbreak will not have a material adverse impact on the business segments in which the MergeCo Group operates.

7. EFFECTS OF THE PROPOSALS

The Proposed Exemption will not have any effect on the issued share capital, substantial shareholders' shareholdings and public shareholding spread of Digi, and the net assets ("NA"), gearing and earnings of the Digi Group.

The proforma effects of the Proposed Merger on the issued share capital, substantial shareholders' shareholdings of Digi, and the NA, gearing and earnings of the Digi Group are set out below:

7.1 Issued share capital

The proforma effects of the Proposed Merger on the issued share capital of Digi are as follows:

	No. of Digi Shares (‘000)	RM'000
Issued share capital as at the LPD	7,775,000	769,655
Consideration Shares to be issued pursuant to the Proposed Merger	3,956,508	16,063,422
Enlarged issued share capital after the Proposed Merger	11,731,508	16,833,077

7.2 Shareholdings of substantial shareholders

The proforma effects of the Proposed Merger on the substantial shareholders' shareholdings of Digi as at the LPD are set out below:

Substantial Shareholders	As at the LPD				After the Proposed Merger			
	Direct		Indirect		Direct		Indirect	
	No. of Digi Shares ('000)	% ⁽¹⁾	No. of Digi Shares ('000)	% ⁽¹⁾	No. of Digi Shares ('000)	% ⁽²⁾	No. of Digi Shares ('000)	% ⁽²⁾
Telenor Asia	3,809,750	49.00	-	-	3,883,129	33.10	-	-
Telenor Mobile Communications AS	-	-	3,809,750 ⁽³⁾	49.00	-	-	3,883,129 ⁽³⁾	33.10
Telenor Mobile Holding AS	-	-	3,809,750 ⁽⁴⁾	49.00	-	-	3,883,129 ⁽⁴⁾	33.10
Telenor	-	-	3,809,750 ⁽⁵⁾	49.00	-	-	3,883,129 ⁽⁵⁾	33.10
Axiata	-	-	-	-	3,883,129	33.10	-	-
Khazanah Nasional Berhad	-	-	-	-	-	-	3,883,129 ⁽⁶⁾	33.10
Employees Provident Fund Board	1,160,128	14.92	-	-	1,160,128	9.89	-	-
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	600,798	7.73	-	-	600,798	5.12	-	-

Notes:

- (1) Calculated based on 7,775,000,000 Digi Shares.
- (2) Calculated based on the enlarged issued share capital of 11,731,507,988 Digi Shares.
- (3) Deemed interested by virtue of its 100% interest in Telenor Asia.
- (4) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
- (5) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.
- (6) Deemed interested by virtue of its 36.75% interest in Axiata.

7.3 NA and gearing

For illustrative purposes only, the proforma effects of the Proposed Merger on the consolidated NA and gearing of Digi based on its audited consolidated statement of financial position as at 31 December 2020 and assuming the Proposed Merger had been effected on that date, are set out below:

	Audited as at 31 December 2020 (RM'000)	After the Proposed Merger (RM'000)
Share capital	769,655	16,833,077
Retained earnings	(163,799)	⁽²⁾⁽³⁾ (225,894)
NA	605,856	⁽⁴⁾ 16,607,183
No. of Digi Shares in issue ('000)	7,775,000	11,731,508
NA per share (RM)	0.08	1.42
Total borrowings (RM'000) ⁽¹⁾	5,452,033	⁽⁵⁾ 15,469,884
Total cash and bank balances (RM'000)	302,853	1,755,546
Gearing (times)	9.00	0.93
Net gearing (times)	8.50	0.83

Notes:

- (1) Including Digi's and Celcom's lease liabilities amounting to RM2.6 billion and RM3.5 billion, respectively.
- (2) Including estimated stamp duty of RM53.3 million, based on total purchase consideration of RM17.8 billion multiplied by stamp duty rate of 0.3%.
- (3) Including estimated expenses relating to the Proposed Merger of approximately RM8.8 million. This has not accounted for the additional costs that may be incurred for the appointment of advisers to advise on integration activities which is currently pending and the integration of Celcom and Digi.
- (4) The proforma NA has not taken into consideration the effects of carving out the Excluded Assets (as set out in Section 6 of **Appendix I**) as it is not expected to be material.
- (5) Assuming external borrowings of RM1.75 billion assumed to be obtained to finance the Cash Consideration and the estimated stamp duty of RM53.3 million. The CNSB Shareholders Loan of RM2.4 billion has also been included in the total borrowing sums above.
- (6) Assuming no elimination of past transactions and trade balances between Digi and Celcom.
- (7) The Proforma effects have not accounted for effects arising from aligning differences in accounting policies adopted by Celcom Group and Digi Group respectively for the financial year ended 31 December 2020.

7.4 Earnings and earnings per share ("EPS")

Upon completion of the Proposed Merger, the Company will consolidate the earnings of the Celcom Group.

Strictly, for illustrative purposes, the proforma effects of the Proposed Merger on the consolidated earnings of Digi based on its audited consolidated financial statements for the financial year ended ("FYE") 31 December 2020 assuming the Proposed Merger had been completed on 1 January 2020, are set out below:

	Audited as at 31 December 2020 (RM'000)	After the Proposed Merger (RM'000)
Consolidated PAT attributable to owners of Digi	1,220,969	1,220,969
Add: Consolidated PAT attributable to owners of Celcom	-	⁽¹⁾ 677,435
Less: Assumed interest costs for the Cash Consideration and stamp duty	-	⁽²⁾ (54,999)
Less: Estimated expenses	-	⁽³⁾ (62,095)
Enlarged consolidated PAT	1,220,969	1,781,310
Weighted average no. of Digi Shares ('000)	7,775,000	11,731,508
EPS (sen)	15.7	15.2

Notes:

- (1) *The PAT attributable to Celcom Group has not been adjusted to carve out the share of profits attributable to the Excluded Assets (as set out in Section 6 of **Appendix I**) as it is not expected to be material.*
- (2) *Assuming interest expense of RM55.0 million based on an indicative interest rate of 3.15% per annum on the bank borrowings of RM1.75 billion assumed to be obtained to finance the Cash Consideration and the estimated stamp duty of RM53.3 million.*
- (3) *Being estimated stamp duty of RM53.3 million, based on total purchase consideration of RM17.8 billion multiplied by stamp duty rate of 0.3%, and estimated expenses relating to the Proposed Merger of approximately RM8.8 million which are one-off in nature. The expenses relating to the Proposed Merger has not included additional cost relating to the appointment of advisers to advise on integration activities which is currently pending and the integration of Celcom and Digi.*
- (4) *Assuming no elimination of past transactions and trade balances between Digi and Celcom.*
- (5) *The Proforma effects have not accounted for effects arising from aligning differences in accounting policies adopted by Celcom Group and Digi Group respectively for the financial year ended 31 December 2020.*

The Proposed Merger is expected to contribute favourably to the long-term earnings and EPS of the Digi Group.

8. APPROVALS REQUIRED

The Proposals are subject to the following approvals:

- (i) the approvals of the non-interested shareholders of Digi for the Proposed Merger and Proposed Exemption at an EGM;
- (ii) the approvals of the shareholders of Axiata for the Proposed Merger at an EGM;
- (iii) the approvals of the SC for the Proposed Merger and Proposed Exemption;
- (iv) the approval of Bursa Securities for the listing and quotation of the Consideration Shares on Bursa Securities;

- (v) the issuance by the MCMC of the notice of no-objection to, or authorisation for, the Proposed Merger;
- (vi) the approval(s) of the Minister of Communications and Multimedia or MCMC, where applicable;
- (vii) the approval/consent of the lenders/sukukholders of Axiata or Celcom for the Proposed Merger as referred to in paragraph 3.1 of Section A of **Appendix III** of this announcement, where applicable;
- (viii) the approval of Bank Negara Malaysia for the change of shareholders and/or shareholding in Merchantrade Asia Sdn. Bhd. ("**Merchantrade**") as referred to in paragraph 3.1 of Section A of **Appendix III** of this announcement; and
- (ix) any other relevant parties and/or authorities.

Barring any unforeseen circumstances, the applications by Digi to the relevant authorities in relation to the Proposals are expected to be made within six (6) months from the date of this announcement.

The condition precedents in the SPA are to be satisfied within 12 months from the date of the SPA or such other date as mutually agreed in writing between Digi and Axiata ("**Long Stop Date**").

9. PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Merger exceeds 100%.

10. INTER-CONDITIONALITY

The Proposed Merger is conditional upon the Proposed Exemption. The completion of the SPA and the Shares Equalisation Arrangement are inter-conditional and contemporaneous. Save as disclosed above, the Proposals are not conditional or inter-conditional upon any other corporate exercise of Digi.

11. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Save as disclosed below, as at the LPD, none of the Directors and/or major shareholders of Digi or persons connected to them has any interest, direct or indirect, in the Proposed Merger and the Proposed Exemption:

- (i) Telenor Asia, being a major shareholder of the Company, and being a party to the MTA and recipient of the 0.63% Digi Shares arising from the Shares Equalisation Arrangement;
- (ii) Telenor Mobile Communications AS, being the 100% holding company of Telenor Asia;
- (iii) Telenor Mobile Holdings AS, being the 100% holding company of Telenor Mobile Communications AS;
- (iv) Telenor, being the 100% holding company of Telenor Mobile Holdings AS;

- (v) Haakon Bruaset Kjoel being the Non-Independent Non-Executive Director of the Company, is a representative of Telenor Asia on the Board of Digi. As at the LPD, he holds 18,684 shares in Telenor;
- (vi) Wenche Marie Agerup being the Non-Independent Non-Executive Director of the Company, is a representative of Telenor Asia on the Board of Digi. As at the LPD, she holds 18,156 shares in Telenor;
- (vii) Lars Erik Tellmann being the Non-Independent Non-Executive Director of the Company, is a representative of Telenor Asia on the Board of Digi. As at the LPD, he holds 34,982 shares in Telenor; and
- (viii) Randi Wiese Heirung being the Non-Independent Non-Executive Director of the Company, is a representative of Telenor Asia on the Board of Digi. As at the LPD, she holds 1,448 shares in Telenor.

Haakon Bruaset Kjoel, Wenche Marie Agerup, Lars Erik Tellmann and Randi Wiese Heirung are collectively referred to as “**Interested Directors**”, while Telenor Asia, Telenor Mobile Communications AS, Telenor Mobile Holdings AS, and Telenor are each referred to as “**Interested Major Shareholder**”.

The Proposed Merger is deemed a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Major Shareholders and the Interested Directors in the Proposed Merger.

As at the LPD, the shareholdings of the Interested Directors and Interested Major Shareholders are as set out below:

Interested Director and/or Interested Major Shareholder	As at the LPD			
	Direct		Indirect	
	No. of Digi Shares ('000)	(1)%	No. of Digi Shares ('000)	(1)%
<u>List of Interested Directors</u>				
Haakon Bruaset Kjoel	-	-	-	-
Wenche Marie Agerup	-	-	-	-
Lars Erik Tellmann	-	-	-	-
Randi Wiese Heirung	-	-	-	-
<u>List of Interested Major Shareholders</u>				
Telenor Asia	3,809,750	49.00		
Telenor Mobile Communications AS	-	-	3,809,750 ⁽²⁾	49.00
Telenor Mobile Holding AS	-	-	3,809,750 ⁽³⁾	49.00
Telenor	-	-	3,809,750 ⁽⁴⁾	49.00

Notes:

- (1) Calculated based on 7,775,000,000 Digi Shares.
- (2) Deemed interested by virtue of its 100% interest in Telenor Asia.
- (3) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
- (4) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposals at the relevant meetings of the Board of Digi. The Interested Directors and Interested Major Shareholders will also abstain and have undertaken to ensure that persons connected to them will also abstain from voting in respect of their direct and/or indirect shareholdings in Digi on the ordinary resolutions pertaining to the Proposals to be tabled at the EGM of the Company.

12. DIRECTORS' STATEMENT

The Board (save for the Interested Directors in relation to the Proposals), after taking into consideration all aspects of the Proposals (including but not limited to the basis of the Total Consideration and the Issue Price, rationale, prospects, risk factors and financial effects) as well as the evaluation of the Independent Valuer and Independent Adviser on the Proposals, is of the opinion that the Proposals are:

- (i) in the best interest of Digi;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders.

13. AUDIT AND RISK COMMITTEE'S STATEMENT

The Audit and Risk Committee of Digi, save for Randi Wiese Heirung who is an Interested Director in relation to the Proposals, after taking into consideration all aspects of the Proposals (including but not limited to the basis of the Total Consideration and the Issue Price, rationale, prospects, risk factors and financial effects) as well as the evaluation of the Independent Valuer and Independent Adviser on the Proposals, is of the opinion that the Proposals are:

- (i) in the best interest of Digi;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders.

14. ADVISER

CIMB has been appointed as the Principal Adviser to Digi for the Proposals.

In view that the Proposed Merger is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, AmInvestment Bank Berhad ("**AmInvestment**") has been appointed to act as the Independent Adviser to undertake the following:

- (i) comment as to:
 - (a) whether the Proposed Merger is fair and reasonable so far as the shareholders of Digi are concerned; and
 - (b) whether the Proposed Merger is to the detriment of the non-interested shareholders of Digi,

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- (ii) advise the non-interested shareholders of Digi on whether they should vote in favour of the Proposed Merger; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in items (i) and (ii) above.

AmInvestment has also been appointed as the Independent Adviser pursuant to Paragraph 4.08(3) of the Rules to advise the non-interested shareholders of Digi on the Proposed Exemption.

KPMG Corporate Advisory Sdn Bhd, has been appointed as the Independent Valuer by the Company to conduct an independent assessment on the equity value of Celcom Group.

15. TRANSACTIONS WITH RELATED PARTY FOR THE PRECEDING TWELVE (12) MONTHS

The total amount transacted with the Interested Major Shareholders and/or persons connected with them for the preceding 12-month period ended 31 May 2021 is RM151.0 million.

16. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the requisite approvals being obtained, the Proposals are expected to be completed by the second quarter of 2022.

17. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA and the Letter Agreement in respect of the Proposed Merger will be made available for inspection at the Registered Office of Digi at 12th Floor, Menara Symphony No. 5, Jalan Professor Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, during regular office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 21 June 2021.

INFORMATION ON THE CELCOM GROUP

1. HISTORY AND BUSINESS

Celcom was incorporated in Malaysia under the Companies Act, 1965 on 5 January 1988 as a private limited company under the name of STM Cellular Communications Sdn Bhd. Subsequently, its name was changed to “Celcom Sdn. Bhd.”, “Cellular Communications Network (Malaysia) Sdn. Bhd.” and “Celcom (Malaysia) Sdn. Bhd.” on 24 January 1990, 12 November 1991 and 2 December 1997 respectively. It was converted to a public company on 28 January 2002 under the name of “Celcom (Malaysia) Berhad” and assumed its present name since 28 December 2009.

Celcom is principally involved in the provision of telecommunications network capacity, infrastructure and services and began its business operations in 1989. Celcom is also involved in the provision of management services to its subsidiaries. The principal activities of the subsidiaries, associate and joint ventures of Celcom are set out in Section 4 of Appendix I below. The Celcom Group’s principal market for its services is Malaysia.

2. SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDER

As at the LPD, the issued share capital of Celcom is RM1,237,534,681 comprising 1,237,534,681 ordinary shares (“**Celcom Shares**”).

As at the LPD, the sole shareholder of Celcom and its direct and indirect shareholding in Celcom are as follows:

Name	Country of Incorporation	Direct		Indirect	
		No. of Celcom Shares held	%	No. of Celcom Shares held	%
Axiata Group Berhad	Malaysia	1,237,534,681	100.00	-	-

3. DIRECTORS

As at the LPD, the directors of Celcom are Dato’ Mohd Izzaddin Bin Idris, Thayaparan A/L S Sangarapillai, Khatijah Begom Binti Shah Mohamed, Mohamad Idham Bin Nawawi, Rossana Annizah Binti Ahmad Rashid, Himanshu Kapania, Muhammad Afhzal Bin Abdul Rahman, Dr. Shridhir Sariputta Hansa Wijayasuriya and Thomas Hundt. The directors do not have direct or indirect shareholdings in Celcom. Celcom is a wholly-owned subsidiary of Axiata.

4. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

As at the LPD, the subsidiaries, associate and joint ventures within the Celcom Group are set out below:

Name	Place/ Date of Incorporation	Principal Activities	Equity Interest Held (%)
Subsidiaries held through Celcom			
Celcom Mobile Sdn. Bhd.	Malaysia/ 15 July 1976	Mobile communications, network and application services and content	100.00
Celcom Networks Sdn. Bhd.	Malaysia/ 30 March 1990	Network telecommunications, capacity and services	100.00
Celcom Properties Sdn. Bhd.	Malaysia/ 24 August 1994	Property investment	100.00
Escape Axiata Sdn. Bhd.	Malaysia/ 21 May 1992	Over-The-Top and other on demand content services (<i>Inactive as at 31 December 2020</i>)	100.00
Celcom Retail Holding Sdn. Bhd.	Malaysia/ 4 August 1988	Strategic and business development, management, administrative, support services and investment holding	100.00
Celcom Intelligence Sdn. Bhd.	Malaysia/ 4 October 1989	Investment holding (<i>Inactive as at 31 December 2020</i>)	100.00
Celcom Timur (Sabah) Sdn. Bhd.	Malaysia/ 17 January 1995	Fibre optic transmission network	80.00
Celcom eCommerce Sdn. Bhd.	Malaysia/ 22 June 1999	Electronic wallet services (<i>Inactive as at 31 December 2020</i>)	100.00
Celcom Resources Berhad	Malaysia/ 1 December 1966	Investment holding	100.00
Subsidiary held through Celcom Retail Holding Sdn. Bhd.			
Celcom Retail Sdn. Bhd.	Malaysia/ 9 January 2007	Trading and distribution of communication devices and related products and managing retail stores	100.00
Subsidiary held through Celcom Resources Berhad			
Celcom Trading Sdn. Bhd.	Malaysia/ 1 November 1983	Dealings in marketable securities	100.00
Associate			
Sacofa Sdn. Bhd.	Malaysia/ 11 July 2001	Telecommunications infrastructure and services including all its related businesses	15.12

Name	Place/ Date of Incorporation	Principal Activities	Equity Interest Held (%)
Joint Ventures			
Tune Talk Sdn. Bhd.	Malaysia/ 13 January 2006	Mobile communications services	35.00
Merchantrade Asia Sdn. Bhd.	Malaysia/ 19 November 1996	Provision of licensed telephony services, other telecommunication information technology services and equipment supplies, and provision of financial remittance services	20.00

5. FINANCIAL SUMMARY

The summary of key financial information of Celcom based on its audited consolidated financial statements for the past three (3) FYE 31 December 2018, 2019 and 2020 is set out below:

	Audited FYE 31 December		
	2018	*2019	2020
	RM'000	RM'000	RM'000
Revenue	7,339,255	6,706,135	6,218,831
Profit before tax ("PBT")	464,496	1,051,851	855,679
Profit attributable to owners of the company	301,408	789,369	677,435
Weighted average number of ordinary shares	1,237,535	1,237,535	1,237,535
Earnings per share (sen) - Basic and diluted ⁽¹⁾	24.4	63.8	54.7
Share capital	1,237,535	1,237,535	1,237,535
NA attributable to the owners of the company	246,406	294,649	222,138
Total equity	317,566	362,491	299,483
Total interest bearing borrowings (including lease liabilities)	5,053,127	8,604,111	8,271,849
Total current assets	3,772,427	3,079,256	3,045,284
Total current liabilities	5,368,950	4,745,325	3,974,806
Total assets	10,164,500	12,999,342	12,570,172
Total liabilities	9,846,934	12,636,851	12,270,689
Current ratio ⁽²⁾	0.7	0.6	0.8
Gearing ratio ⁽³⁾	15.9	23.7	27.6

Notes:

* The Celcom Group has adopted the Malaysian Financial Reporting Standards ("MFRS") 16 – Leases for the first time in the 2019 financial statements, which resulted in changes in accounting policies and adjustments to the Celcom Group's financial position as at 1 January 2019.

(1) Computed based on profit attributable to owners of the company divided by weighted average number of ordinary shares of Celcom Shares.

(2) Computed based on current assets divided by current liabilities.

(3) Computed based on total interest bearing borrowings (including lease liabilities) divided by total equity.

Commentary:

Comparison between FYE 31 December 2019 vs FYE 31 December 2020

Revenue decreased by 7.3% from RM6,706.1 million for FYE 31 December 2019 to RM6,218.8 million for FYE 31 December 2020 due to lower contribution from the mobile segment impacted by the COVID-19 outbreak. PBT decreased by 18.70% from RM1,051.9 million for FYE 31 December 2019 to RM855.7 million for FYE 31 December 2020 in line with the decrease in revenue and accelerated depreciation of 3G assets.

Comparison between FYE 31 December 2018 vs FYE 31 December 2019

Revenue decreased by 8.6% from RM7,339.3 million for FYE 31 December 2018 to RM6,706.1 million for FYE 31 December 2019 mainly due to lower device sales, downward revision of domestic interconnect and domestic roaming rates. PBT increased by 126.4% from RM464.5 million for FYE 31 December 2018 to RM1,051.9 million for FYE 31 December 2019 despite the revenue decreased by 8.6%, largely due to lower operating costs as a result of stringent cost management and cost optimisation implemented across the Celcom Group's operations during the financial year.

6. EXCLUDED ASSETS

Pursuant to the terms of the SPA, Axiata shall prior to completion of the Proposed Merger procure Celcom and/or the relevant member of the Celcom Group to sell, assign and transfer its entire equity interest in Merchantrade (representing approximately 20.00% of the issued shares of Merchantrade) to Axiata or any of its affiliates or its nominees or if required, any other shareholder of Merchantrade. Celcom's share of profit and NA in Merchantrade for the FYE 31 December 2020 are approximately RM0.9 million and RM22.6 million respectively.

Additionally, Axiata shall procure that Celcom and/or the relevant member of the Celcom Group ceases to be a member of the Axiata Foundation. Axiata Foundation is incorporated in Malaysia as a company limited by guarantee and not having a share capital. The objectives of the Axiata Foundation are to develop and nurture talent pool and foster, develop and improve education.

7. CONTINGENT LIABILITIES

Description	Potential Exposure
<p>7.1 Celcom and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) ("Celcom Resources") vs Tan Sri Dato' Tajudin bin Ramli ("TSDTR") & 6 Others ("Conspiracy Suit")</p> <p>In 2008, Celcom and Celcom Resources initiated a claim against five (5) of its former directors, Dete Asia Holding GmbH ("Dete Asia"), and Beringin Murni Sdn Bhd ("Defendants") for conspiring with each other to injure Celcom and Celcom Resources by causing and/or committing them to enter into various agreements in relation to certain rights issue shares in Celcom Resources. Celcom and Celcom Resources are seeking damages for conspiracy against the Defendants.</p>	RM 7.2 billion

Description	Potential Exposure
<p>Two (2) of the Defendants, TSDTR and Dato' Bistamam Ramli filed a counterclaim against Celcom and Celcom Resources for damages for breach of an alleged global settlement involving, inter-alia, the present action and also for conspiracy and misrepresentation in inducing TSDTR to withdraw a counterclaim in another suit. Full trial of the case commenced on 22 January 2018 and is still on-going at the High Court level.</p> <p>The Board of Directors of Axiata and Celcom, based on the external legal advice received, are of the view that it has good prospects of successfully defending the counterclaim.</p>	
<p>7.2 Celcom and Celcom Resources vs TSDTR & 8 Others (“Indemnity Suit”)</p> <p>In 2006, Celcom and Celcom Resources initiated a claim against nine (9) of its former directors (“Defendants”) seeking, inter-alia, for indemnity in respect of the sums paid out to Dete Asia under the Award dated 2 August 2005 handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce in Paris and damages for breach of their fiduciary duties. Two (2) of the Defendants, TSDTR and Dato' Bistamam Ramli filed a counterclaim against Celcom and Celcom Resources for damages for breach of an alleged global settlement involving, inter-alia, the present action and also for conspiracy and misrepresentation in inducing TSDTR to withdraw a counterclaim in another suit. Full trial of the case commenced on 22 January 2018 and is still on-going at the High Court level.</p> <p>The Board of Directors of Axiata and Celcom, based on the external legal advice received, are of the view that it has good prospects of successfully defending the counterclaim during the trial.</p>	RM 7.2 billion

(Source: Axiata's Annual Report 2020 and Governance & Audited Financial Statements 2020 and Celcom's Reports and Statutory Financial Statements for the FYE 31 December 2020)

INFORMATION ON AXIATA

1. INFORMATION ON AXIATA

Axiata was incorporated in Malaysia on 12 June 1992 under the laws of Malaysia and registered with the Companies Commission of Malaysia, as a private limited company under the name of Telekom Malaysia International Sdn Bhd. On 16 October 2001, Axiata changed its name to TM International Sdn. Bhd. and on 12 December 2007 Axiata was converted into a public company limited by shares under the name of TM International Berhad. Axiata was listed on the Main Market of Bursa Malaysia Securities Berhad in Malaysia on 28 April 2008 and changed its name to Axiata Group Berhad on 31 March 2009. The principal activities of Axiata are investment holding and the provision of technical and management services on an international scale.

As at the LPD, the issued share capital of Axiata is as follows:

Amount	No. of ordinary shares in Axiata ("Axiata Shares")
RM 13,897,237,850	9,172,710,982

2. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Axiata are set out below:

Name	Direct		Indirect	
	No. of Axiata Shares held ('000)	%	No. of Axiata Shares held ('000)	%
Khazanah Nasional Berhad	3,343,841	36.45	27,397 ⁽¹⁾	0.30
Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	1,575,325	17.17	-	-
AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	1,095,404	11.94	-	-

Note:

(1) Includes 13,698,630 Axiata Shares held via Citigroup Nominees (Tempatan) Sdn Bhd and 13,698,630 Axiata Shares held via CGS-CIMB Nominees (Tempatan) Sdn Bhd Exempt An for CGS-CIMB Securities Sdn Bhd (SBL-KNB).

3. DIRECTORS

As at LPD, the directors of Axiata and their shareholding in Axiata are set out below:

Name	Direct		Indirect	
	No. of Axiata Shares held ('000)	%	No. of Axiata Shares held ('000)	%
Tan Sri Ghazzali Sheikh Abdul Khalid	-	-	-	-
Dato' Mohd Izzaddin Idris	-	-	-	-
Dato Dr Nik Ramlah Nik Mahmood	-	-	-	-
Dr David Robert Dean	-	-	-	-
Khoo Gaik Bee	-	-	-	-
Thayaparan S Sangarapillai	-	-	-	-
Ong King How	-	-	-	-
Tan Sri Dr. Halim Shafie	-	-	10 ⁽¹⁾	0.00 ⁽²⁾
Syed Ali Syed Salem Alsagoff	-	-	-	-

Notes:

(1) Shares held through spouse

(2) Less than 0.01%

SALIENT TERMS OF THE SPA, MTA AND SHA

A. THE SPA

Certain salient terms of the SPA can be found in Sections 1, 2 and 8 of the announcement as well as the following provisions in this Section A of Appendix III. Unless already previously defined in the announcement, all capitalised terms found in this Section A of Appendix III shall have the meanings as defined in this Section A of Appendix III.

1. Consideration

- 1.1. The Consideration Shares to be issued by Digi shall be issued free from all encumbrances and together with all rights attaching to them from Closing. Axiata undertakes that prior to the termination of the SPA, not to nominate any person other than Telenor Asia to be the recipient of the 0.63% Digi Shares or withdraw or cause to be withdrawn such nomination, other than as contemplated by the SPA or the MTA.
- 1.2. For the purpose of paragraph 1.1 above, Digi has on the date of the SPA issued the Telenor-Digi Confirmation Letter to Telenor Asia whereby Digi confirms and undertakes that against payment of the 0.63% Digi Shares Cash Consideration by Telenor Asia to Axiata pursuant to the MTA, Digi shall issue the 0.63% Digi Shares to Telenor Asia free from all encumbrances and together with all rights attaching to them from Closing.

2. Adjustments to the Cash Consideration

- 2.1. The Cash Consideration may be adjusted following the determination of the adjustment for changes in net debt and net working capital amounts of Digi and Celcom respectively between 31 December 2020 and the last day of the calendar month in which all of the relevant conditions are satisfied or waived (i.e. the interim closing statements) ("**Interim Adjustment Amount**"). The Interim Adjustment Amount shall be adjusted against the Cash Consideration payable to Axiata on Closing.
- 2.2. After the Closing, the final adjustment amount will be determined by replacing the interim closing statement above with the final closing statements as at the date of Closing ("**Closing Date**") ("**Final Adjustment Amount**"). Digi or Axiata shall make payment to each other, as the case may be, for the differences between the Final Adjustment Amount and the Interim Adjustment Amount.

3. Conditions Precedent

3.1. Conditions

Closing must not take place unless and until each of the following conditions precedent ("**Conditions**") has been satisfied or waived in writing:

- (a) the non-interested shareholders of Digi approving the transactions contemplated by the SPA and the allotment and issuance of the 33.10% Digi Shares to Axiata and 0.63% Digi Shares to Telenor Asia upon the terms that no pre-emptive rights, if any, for the benefit of Digi shareholders shall apply to the issuance of the Consideration Shares.
- (b) the non-interested shareholders of Digi approving to waive their rights to receive a mandatory offer from Axiata and persons acting in concert with it in accordance with Paragraph 4.08(2)(b) of the Rules.

- (c) Axiata's shareholders approve the transactions contemplated by the SPA, to the extent such approval is required.
- (d) Where an obligation to undertake a mandatory take-over offer arises,
 - (i) from the issuance of 33.10% Digi Shares to Axiata as contemplated by the SPA resulting in Axiata and its PACs holding more than 33.00% of Digi Shares, the SC grants:
 - (A) an exemption(s) to Axiata, and its PACs, from having to undertake a mandatory take-over offer for all remaining shares in Digi not already owned by Axiata and its PACs pursuant to the Rules; and
 - (B) a ruling to Axiata, and its PACs that the issuance of the 0.63% Digi Shares by Digi to Telenor Asia shall not constitute a disqualifying transaction under Paragraph 4.08(2)(a) of the Rules; and
 - (ii) through the formation of a new group of PACs between Axiata and Telenor Asia as contemplated by the SPA and the SHA, the SC grants an exemption(s) to Axiata, Telenor Asia and their PACs, from having to undertake a mandatory take-over offer for all remaining shares in Digi not already owned by Axiata, Telenor Asia and their PACs pursuant to the Rules.
- (e) Where the transactions contemplated by the SPA amount to a significant change in business direction or policy of Digi, the SC grants its approval to Digi pursuant to Subsection 212(2)(d) of the Capital Markets and Services Act 2007.
- (f) Bursa Securities grants its approval for the listing of and quotation for Consideration Shares on Bursa Securities.
- (g) The MCMC, pursuant to the Communications and Multimedia Act 1998 ("**CMA**"), issues the following in connection with the relevant transactions contemplated by the SPA:
 - (i) a notice of no-objection under paragraph 6.4 of the Guidelines on Mergers and Acquisitions; or
 - (ii) authorisation of conduct under section 140 of the CMA and Guidelines on Authorisation of Conduct.
- (h) The Minister of Communications and Multimedia confirms that its approval is not required, or if such approval is required it has been obtained, for any modifications, deviations or variations required to be made to the licences or terms attached to the licenses issued pursuant to the CMA held by the members of the Digi Group and the members of the Celcom Group in connection with the relevant transactions contemplated by the SPA.
- (i) The Minister of Communications and Multimedia or the MCMC (as the case may be) either confirms there is no change in the shareholding, major or substantial shareholding of each of the following for the purposes of their respective approvals, licences and spectrum assignments issued under the CMA or the Minister of Communications and Multimedia or the MCMC (as the case may be) grants its approval or concurrence to a change of shareholding, major or substantial shareholding of each of the following for the purposes of their respective approvals, licences and spectrum assignments issued under the CMA, in respect of the relevant transactions contemplated by the SPA:

- (i) the members of the Celcom Group; and
 - (ii) the members of the Digi Group.
- (j) Since the date hereof, no event that has a material adverse effect on, amongst others (i) the business, assets and liabilities, results of operations or financial condition of the Digi Group, taken as a whole or (ii) the ability of Digi to perform its obligations under the SPA (“**Digi Material Adverse Effect**”) has occurred which is continuing.
 - (k) Since the date hereof, no event that has a material adverse effect on, amongst others, (i) the business, assets and liabilities, results of operations or financial condition of the Celcom Group, taken as a whole or (ii) the ability of Axiata to perform its obligations under the SPA (“**Celcom Material Adverse Effect**”) has occurred which is continuing.
 - (l) The warranties given by Digi in accordance with the terms of the SPA (“**Digi Warranties**”) shall be true, accurate and not misleading as at the Closing Date as though made on the Closing Date (except with respect to Digi Warranties which speak as to an earlier date or dates, in which case such Digi Warranties shall be true, accurate and not misleading as of such earlier date or dates), except where the failure of any Digi Warranty (individually or in the aggregate) to be true, accurate and not misleading as at the Closing Date has not had and would not reasonably be expected to have a Digi Material Adverse Effect.
 - (m) The warranties given by Axiata in accordance with the terms of the SPA (“**Axiata Warranties**”) shall be true, accurate and not misleading as at the Closing Date as though made on the Closing Date (except with respect to Axiata Warranties which speak as to an earlier date or dates, in which case such Axiata Warranties shall be true, accurate and not misleading as of such earlier date or dates), except where the failure of any Axiata Warranty (individually or in the aggregate) to be true, accurate and not misleading as at the Closing Date has not had and would not reasonably be expected to have a Celcom Material Adverse Effect.
 - (n) In respect of the USD1,000,000,000 3.064 per cent Guaranteed Notes due 19 August 2050 (the “**Axiata 2050 Notes**”) issued by Axiata SPV5 (Labuan) Limited, the noteholders pass an extraordinary resolution in accordance with the terms of the Axiata 2050 Notes Trust Deed amending and/or waiving certain provisions of the Axiata 2050 Notes Trust Deed in relation to the Proposed Merger.
 - (o) In respect of the USD500,000,000 4.357 per cent Sukuk due 24 March 2026 (the “**Axiata 2026 Sukuk**”) issued by Axiata SPV2 Berhad, the sukukholders pass an extraordinary resolution in accordance with the terms of the Axiata 2026 Sukuk Declaration of Trust amending and/or waiving certain provisions in the Axiata 2026 Sukuk Declaration of Trust and other related documents in relation to the Proposed Merger.
 - (p) In respect of USD500,000,000 2.163 per cent Sukuk due 19 August 2030 (the “**Axiata 2030 Sukuk**”) issued by Axiata SPV2 Berhad, the sukukholders pass an extraordinary resolution in accordance with the terms of the Axiata 2030 Sukuk Declaration of Trust amending and/or waiving certain provisions in the Axiata 2030 Sukuk Declaration of Trust and other related documents in relation to the Proposed Merger.

- (q) the written consent, waiver and/or amendment from International Finance Corporation (“**IFC**”) and Robi Axiata Limited in relation to the Proposed Merger under the Deed of Guarantee and Subordination dated 14 December 2015 in favour of IFC and under the Deed of Guarantee and Subordination dated 8 December 2020 in favour of IFC.
- (r) In respect of the US\$ 600,000,000 and RM 867,000,000 Syndicated Multi Currency Shariah-Compliant Sustainability-Linked Financing Facilities between Axiata, as customer and Oversea Chinese Banking Corporation Limited, Labuan Branch, MUFG Bank (Malaysia Berhad); and Maybank Islamic Berhad as original financiers, the written consent, waiver and/or amendment from the financier(s) whose commitments aggregate more than 66 2/3% of the total commitments in relation to the Proposed Merger under the facility agreement dated 5 May 2020.
- (s) In respect of the RM50,000,000 bank facilities (bank guarantee and letter of credit) granted by Malayan Banking Berhad (“**MBB**”) to Celcom under the letter of offer dated 1 March 2013, the written consent, waiver and/or amendment from MBB in relation to the Proposed Merger.
- (t) Bank Negara Malaysia grants its written approval (or where applicable, a letter of no-objection) pursuant to Section 32 of the Money Services Business Act, 2011 (the “**MSB BNM Approval**”) for (i) the transfer by the relevant member of the Celcom Group of the MT Shares (as defined below) to either (a) Axiata or its affiliate(s) or nominee(s); or (b) only if the approval in sub-paragraph (i)(a) is denied, any one or more of the other shareholders of Merchantrade; or (ii) only if the approvals in sub-paragraph (i) are denied, any change in substantial interest in MT Shares as a result of the transfer of the Celcom Shares at Closing, in each case, to the extent such approval is required.

3.2. Termination

If the Conditions have not been satisfied or waived on or before the Long Stop Date or if any government agency has taken action that results in any Condition becoming incapable of satisfaction, either party may terminate the SPA by giving written notice to the other parties in accordance with and subject to the terms of the SPA.

4. Celcom Group Reorganisation

4.1. Prior to Closing:

- (a) Axiata shall prior to Closing procure Celcom and/or the relevant member of the Celcom Group to sell, assign and transfer its entire equity interest in Merchantrade (representing approximately 20.00% of the issued shares of Merchantrade) (the “**MT Shares**”) to Axiata or any of its affiliates or nominees or if required, any other shareholder of Merchantrade for cash consideration of RM1.00 (or such other consideration that Axiata reasonably considers appropriate), free of all encumbrances and with all rights attaching on and from the date of such sale, assignment and transfer, provided that:

- (i) in the event that Celcom or any relevant member of the Celcom Group receives any funds or other consideration (x) in connection with the sale, assignment or transfer of the MT Shares; or (y) that arise as a result of any member of the Celcom Group having been a shareholder of Merchantrade, Celcom shall, and shall procure that the relevant member of the Celcom Group shall as soon as reasonably practicable within the specified period in the SPA, pay an amount equal to the funds or other consideration received to Axiata (such obligation, the “**Merchantrade Proceeds Repayment Obligation**”); and
 - (ii) prior to Closing, at Axiata’s option, the transfer of the MT Shares may be effected by way of a dividend in specie to Axiata.
- (b) Axiata shall procure that Celcom and/or the relevant member of the Celcom Group ceases to be a member of the Axiata Foundation for no consideration, provided that in the event that Celcom or any relevant member of the Celcom Group receives any funds or other consideration (i) in connection with the cessation of its membership of the Axiata Foundation; or (ii) that arise as a result of any member of the Celcom Group having been a member of the Axiata Foundation, Celcom shall, and shall procure that the relevant member of the Celcom Group shall as soon as reasonably practicable within the specified period in the SPA, pay an amount equal to the funds or other consideration received to Axiata.

(Sub-paragraphs (a) and (b), together, being the “**Celcom Group Reorganisation**”).

- (c) Following Closing, Axiata shall in accordance with the terms of the SPA, indemnify each member of the Digi Group (which shall include any member of the Celcom Group) against all losses directly incurred or suffered by each of them arising out of, or as a result of:
- (i) (x) the implementation and execution of the Celcom Group Reorganisation; and/or (y) to the extent applicable under paragraph 4.1(d) below, the MT Post-Closing Sale Process and the related sale and transfer of the MT Shares; and/or (z) the Celcom Group having been a shareholder of Merchantrade or a member of the Axiata Foundation prior to Closing; and/or
 - (ii) any out-of-pocket costs or expenses incurred by any member of the Celcom Group directly arising out of, amongst others, (x) the steps involved in the Celcom Group Reorganisation; and/or (y) to the extent applicable under paragraph 4.1(d) below, the MT Post-Closing Sale Process and the related sale and transfer of the MT Shares,

subject to the terms of the SPA.

- (d) If Axiata has been unable to effect the transfer of the MT Shares to Axiata, any of its affiliates or nominees, or any other shareholder of Merchantrade (as applicable) before Closing due to an outstanding MSB BNM Approval, Axiata may complete the transfer of the MT Shares as soon as reasonably practicable following MSB BNM Approval for such transfer to Axiata, or any of its affiliates or nominees, or any other shareholder of Merchantrade (as applicable) being obtained after Closing on the same basis as if it had been obtained prior to Closing, and otherwise in accordance with the terms of the SPA; provided that in the event that on or before Closing:

- (i) MSB BNM Approval for such transfer of MT Shares to Axiata or any of its affiliates or nominees, or any other shareholder of Merchantrade (as applicable) is denied; and
- (ii) MSB BNM Approval under sub-paragraph (ii) of paragraph 3.1(t) is obtained,

then following Closing:

- (A) the relevant member of the Celcom Group shall as soon as reasonably practicable following Closing commence a sales process to sell and transfer the MT Shares to a third party (which may be another existing shareholder of Merchantrade) (the “**MT Post-Closing Sale Process**”);
- (B) Axiata shall, and shall be exclusively entitled to, manage, conduct and pursue the MT Post-Closing Sale Process (at its own cost, pursuant to the terms of the SPA), and the sale and transfer of the MT Shares pursuant thereto and the proceeds of such sale and transfer of the MT Shares shall be included in and subject to the Merchantrade Proceeds Repayment Obligation.

5. Intra-Group Arrangements

- 5.1 Axiata shall procure that, prior to or on Closing, unless otherwise agreed by the parties in writing or contemplated in the transaction documents, essentially, all Axiata intra-group contracts (other than in relation to certain Axiata continuing arrangements or pursuant to any related party transactions that Axiata is permitted to enter into between the date of the SPA and the Closing in compliance with the SPA) are terminated and of no further force and effect such that each Celcom Group member and each Axiata Group member are released and fully discharged and have no further rights, liabilities or obligations in respect thereof.
- 5.2 Digi shall procure that, prior to or on Closing, unless otherwise agreed by the parties in writing or contemplated in the transaction documents, all Telenor intra-group contracts (other than in relation to certain Telenor continuing arrangements or pursuant to any related party transactions that Telenor is permitted to enter into between the date of the SPA and the Closing in compliance with the SPA) are terminated and of no further force and effect such that each Digi Group Member and each Telenor Group member are released and fully discharged and have no further rights, liabilities or obligations in respect thereof.

6. Closing

Completion of the transfer of the Celcom Shares to Digi, the issuance of Consideration Shares by Digi to Axiata and Telenor Asia, the payment of the Cash Consideration by Digi to Axiata in accordance with the terms of the SPA and the payment of the 0.63% Digi Shares Cash Consideration by Telenor Asia to Axiata pursuant to the MTA (“**Closing**”) shall take place at 9:00 am on the last day of the earliest calendar month in which both (i) the Conditions at paragraphs 3.1(a) to (i), and (n) to (t) (“**Relevant Conditions**”) have been satisfied or waived (in accordance with the terms of the SPA); and (ii) the Interim Adjustment Amount has been agreed by the parties or finally determined by the independent expert appointed by the parties (in each case in accordance with the terms of the SPA), or at such other place at such other time and/or on such other date as the parties may mutually agree in writing.

7. TSDTR Litigation

7.1 TSDTR Indemnity

Axiata shall indemnify and keep indemnified each member of the Digi Group or Celcom Group member, and pay to them on demand, any losses incurred (but excluding certain non-direct losses) or any money or other consideration which may have to be provided by any member of the Digi Group or member of the Celcom Group resulting out of or arising from the TSDTR Litigation (the “**TSDTR Indemnity**”).

Other than as specified in the SPA, no provision of the SPA shall qualify or limit the liability of the parties in relation to any claim under the TSDTR Indemnity, provided that the parties shall comply with paragraph 7.2 in relation to the Conspiracy Suit and Indemnity Suit (collectively “**TSDTR Litigation**”) and the TSDTR Indemnity and any breach or non-compliance of Digi of paragraph 7.2 shall to that extent, reduce the liability of Axiata and the amount Axiata would be required to pay under the TSDTR Indemnity.

7.2 Post-closing conduct in respect of the TSDTR Litigation

- (a) Following the Closing, until such time as any final compromise, settlement, expert determination or final, non-appealable decision, order or award of a court or tribunal is made in respect of the TSDTR Litigation (or the TSDTR Litigation is otherwise finally disposed of):
 - (i) Digi will grant to Axiata an exclusive right to conduct the TSDTR Litigation (including the assessing, contesting, disputing, defending, pursuing, compromising, settling or appealing any claim in connection with the TSDTR Litigation at Axiata's expense and by Axiata's own counsel and, Digi shall cooperate in good faith in connection therewith; and
 - (ii) Axiata shall have the right to take such action as it deems necessary or advisable to settle, compromise, defend, pursue or avoid such dispute and to conduct, pursue and/or agree any defence, settlement, compromise or appeal (or defend counterclaims) relating to the TSDTR Litigation in the name and on behalf of Celcom (and/or any member of the Celcom Group).
- (b) Each party shall (i) to the extent reasonably practicable, consult with the other party in relation to the conduct of any dispute, defence, counterclaim, compromise, settlement or appeal of the TSDTR Litigation; and (ii) from time to time, upon reasonable request of the other party, provide such other party with such information that it or any other member of its Group (including in the case of Digi, Celcom Group) may possess as to the progress of the TSDTR Litigation.
- (c) Following the Closing, in the event that Digi, Celcom or any member of the Digi Group or the Celcom Group receives any money or other consideration in respect of the TSDTR Litigation and TSDTR Counterclaim (whether provided as a result of a settlement, insurance or any judgment or order) (collectively “**Claim Proceeds**”), Digi shall as soon as reasonably practicable and in any case within the specified period under the SPA pay an amount equal to such Claim Proceeds to Axiata and such Claim Proceeds shall be treated by Axiata and Digi, to the extent possible, as an adjustment to the Cash Consideration.

8. Governing Law

The SPA and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

9. Arbitration

Any dispute shall be referred to and finally settled by arbitration by the Singapore International Arbitration Centre (SIAC) in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (SIAC Rules).

B. THE MTA

The salient terms of the MTA are as follows:

1. **Celcom-Digi Combination**

Axiata and Digi have entered into the SPA pursuant to which (i) the Celcom Shares held by Axiata shall be transferred to Digi, (ii) the 33.10% Digi Shares will be issued to Axiata and 0.63% Digi Shares will be issued to Telenor Asia (being Axiata's nominee) against payment by Telenor Asia to Axiata of the 0.63% Digi Shares Cash Consideration and (iii) the Cash Consideration shall be paid to Axiata on Closing (as defined in the SPA) ("**Proposed Celcom-Digi Combination**"). Please refer to Appendix I of this Announcement for the salient terms of the SPA.

The MTA is entered into between Telenor Asia, Telenor and Axiata for the purposes of, amongst others, facilitating the Proposed Celcom-Digi Combination and the Proposed Equalisation Sale (as defined below).

2. **Telenor Support**

Telenor shall, and shall procure that Digi, Telenor Asia and each of Telenor Asia's affiliates (each to the extent applicable) shall, cooperate with Axiata and its affiliates (including Celcom and the other Celcom Group Members as defined in the SPA) for the purposes of achieving the Closing (as defined in the SPA) in accordance with the SPA (including cooperating in connection with the satisfaction by Digi of its obligations in connection with the Conditions set out in paragraphs 1 and 2 of Schedule 2 of the SPA).

3. **Axiata Support**

Axiata shall, and shall procure Celcom and each of Axiata's affiliates (each to the extent applicable) to, cooperate with Telenor and its affiliates (including Telenor Asia and Digi and each other Digi Group Member (as defined in the SPA)) for the purposes of achieving the Closing in accordance with the SPA.

4. **Digi Name Change**

Each of Telenor Asia and Axiata shall, to the extent that it is within their respective powers to do so, (a) use their respective reasonable efforts to procure, as promptly as practicable after Closing but in any event within three months of the Closing Date, that Digi convenes the Name Change EGM (as defined in the SPA) and if necessary the Second Name Change EGM (as defined in the SPA) for the purposes of passing a special resolution to change the name of Digi from "Digi.Com Berhad" to "Celcom Digi Berhad" promptly following such meeting ("**Name Change**") and (b) take all other actions necessary or advisable following such shareholders' approval to effect the Name Change. Each of Telenor Asia and Axiata hereby agree and undertake to vote in favour of such Name Change at the Name Change EGM or any Second Name Change EGM.

5. **Equalisation Sale**

In consideration of Axiata nominating Telenor Asia to receive the 0.63% Digi Shares to be issued by Digi directly to Telenor Asia subject to, and on the terms and conditions of the SPA, Telenor Asia shall (a) subscribe for the 0.63% Digi Shares; and (b) pay Axiata the 0.63% Digi Shares Cash Consideration in accordance with the terms of the MTA ("**Proposed Equalisation Sale**").

6. Equalisation Closing

The closing of the Proposed Equalisation Sale pursuant to the MTA (“**Equalisation Closing**”) shall occur on the Closing Date (as defined in the SPA) at the same venue as, and concurrently with the Closing under the SPA.

7. Performance guarantee

Telenor as primary obligor (and not as surety only) absolutely, unconditionally and irrevocably, for the benefit of Axiata (a) guarantees to Axiata the payment when due of all amounts payable by Telenor Asia under the MTA; (b) undertakes to cause Telenor Asia to be bound by and comply with each of the provisions of this agreement; (c) undertakes to ensure the due, punctual and full performance by Telenor Asia, and if applicable, by each of Telenor’s affiliates, of all their respective obligations under or pursuant to the MTA; and (d) agrees to indemnify Axiata against all losses, costs, claims and damages sustained by it flowing from any non-payment or default of any kind by Telenor Asia under or pursuant to the MTA.

8. Termination

The MTA may be terminated at any time prior to the Equalisation Closing:

- (a) automatically and immediately if the SPA is terminated in accordance with its terms; or
- (b) upon the mutual written consent of the parties.

9. Governing Law

The MTA and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

C. THE SHA

The salient terms of the SHA are as follows:

1. Parties to the SHA

The SHA is to be entered into on the completion of the Closing (as defined in SPA and the Equalisation Closing (as defined in the MTA) between, Axiata and Telenor Asia (each a **"Shareholder Party"**, and together the **"Shareholder Parties"**) and Telenor (**"Telenor Asia Guarantor"** together with the Axiata Guarantor solely in the case of a Permitted Transfer (as defined below) by Axiata) and the Shareholder Parties each a **"Party"**, and collectively the **"Parties"**).

For reference, **"Axiata Guarantor"** means, in case of a Permitted Transfer by Axiata pursuant to the terms of this Agreement, Axiata.

The Parties agree to enter into the SHA to establish their respective rights and obligations with respect to the activities and governance of MergeCo (which is to be renamed "Celcom Digi Berhad") and its subsidiaries and ownership and disposition of the MergeCo's securities.

2. Governance Matters

- 2.1. Board composition. Each Shareholder Party shall, before appointing a director of the MergeCo (**"Director"**), consult with, provide relevant information about the proposed Director and give the other Shareholder Party a reasonable opportunity to express any concern as to such proposed Director's suitability. Each Shareholder Party shall procure that the board of directors of the MergeCo (**"Board"**) shall consist of nine (9) Directors to be nominated by a Shareholder Party or jointly nominated by the Shareholder Parties, as the case may be.
- 2.2. Independent Directors. The Board shall at all times comprise at least one-third independent non-executive Directors or such other higher fraction of independent non-executive Directors as may be prescribed by applicable laws. The Shareholder Parties agree to act in good faith in considering suitably qualified Malaysian citizens to serve on the Board as independent non-executive Directors; provided that there shall be no mandatory requirement for such independent non-executive Directors to be Malaysian citizens and the Shareholder Parties will seek to appoint directors who they believe in good faith are suitably qualified candidates.
- 2.3. Chief Executive Officer ("CEO") and Deputy Chief Executive Officer ("DCEO"). The initial CEO of the MergeCo shall be selected by Axiata (after consultation with Telenor Asia) and the initial DCEO of the MergeCo shall be selected by Telenor Asia (after consultation with Axiata).

- 2.4. Reserved Matters. The SHA contains provisions relating to reserved matters that no consideration, action or decision relating to any of these matters shall be taken with respect to any group company (whether by any Director (or his alternate), any director, officer, any employee or any other representative of any group company or by any Shareholder Party or any of its affiliates or any of their respective representatives), without, (a) the approval of the Board; (b) the prior written approval of Axiata for as long as Axiata and its affiliates holds at least the prescribed minimum percentage of Outstanding Shares in the MergeCo; and (c) the prior written approval of Telenor Asia for as long as Telenor Asia and its affiliates holds at least the prescribed minimum percentage of Outstanding Shares in the MergeCo.

For reference: (a) “**Outstanding Shares**” means, as of the date of determination, the Shares that are then issued and outstanding (excluding any Shares issued and allotted pursuant to any MergeCo employee share option scheme or other equity incentive plan); and (b) “**Shares**” means ordinary shares of the MergeCo and any other classes or series of shares in the capital of the MergeCo into which such shares are reclassified or converted (including by merger or otherwise) from time to time, together with all rights, differential rights, obligations, titles, interests and claims in such shares and all bonus shares issued in respect of such shares and shares issued pursuant to a stock split, combination or other reclassification in respect of such shares.

- 2.5. Deadlock. If the Shareholder Parties or the Board is unable to make a decision regarding a proposed action or a proposal to take an action in relation to any reserved matter (such failure to resolve or meet, a “**Deadlock**”), then Axiata or Telenor Asia may refer the matter to the designated senior officers. The designated senior officers shall discuss the Deadlock and attempt to agree on a resolution with respect to the Deadlock within the prescribed timeframe. If the Shareholder Parties or the designated senior officers cannot resolve the Deadlock, the proposal shall not proceed.
- 2.6. Governance Policies. The Shareholder Parties shall use their reasonable endeavours to procure that the MergeCo adopts and maintains governance policies and practices (“**Governance Policies**”) that reflect the highest standards of the respective governance policies adopted and maintained by each Shareholder Party as of the date of the SHA. Subject to the foregoing, the MergeCo’s Governance Policies shall initially be based on Digi’s existing governance policies as of the date of the MTA, which shall be amended and adapted as necessary to reflect the highest standards of the respective governance policies applicable to such Shareholder Party and adopted and maintained by such Shareholder Party’s Ultimate Holding Person for such Shareholder Party as of the date of the SHA; provided that, if there is no existing Digi policy for a Governance Policy, then (if applicable) the relevant Governance Policy of the MergeCo shall initially be based on the existing Celcom governance policy as of the date of the MTA (if available), which shall be amended and adapted as necessary to reflect the highest standards of the respective governance policies adopted and maintained by each Shareholder Party as of the date of the SHA.

For reference, “**Ultimate Holding Person**” means (a) in the case of Axiata or its affiliates, Axiata or (b) in the case of Telenor Asia or its affiliates, the Telenor Asia Guarantor.

3. Strategic Alignment

- 3.1. Merger Integration Plan. The MergeCo shall (a) implement the merger integration plan as prescribed under the SHA (“**Merger Integration Plan**”); (b) maintain an officer (who shall be jointly nominated by the Shareholder Parties) who shall be responsible for such implementation (the “**Merger Integration Officer**”); and (c) maintain a merger integration committee (the “**Merger Integration Committee**”) consisting of certain members of management (including the Merger Integration Officer) and Directors of the MergeCo identified jointly by the Shareholder Parties (with equal representation among members nominated by Axiata and members nominated by Telenor Asia) to supervise the implementation of the Merger Integration Plan; provided that, if the Shareholder Parties are unable to agree on the appointees to the Merger Integration Committee, each Shareholder Party shall have the right to appoint 1 (one) observer on the Merger Integration Committee.
- 3.2. Malaysia National Innovation Center. It shall be an objective of the MergeCo and its subsidiaries to accelerate technology transformation and digitalisation in Malaysia by establishing a “National Innovation Center” within the prescribed period under the SHA to foster technology transformation and digitalisation in Malaysia.

4. Standstill Restrictions

- 4.1. The SHA contains provisions relating to standstill restrictions whereby each Shareholder Party agrees that for a period of three (3) years on and from the date of the SHA (the “**Standstill and Lock-up Period**”), such Shareholder Party shall not, and shall cause each of its affiliates and its representatives not to, except with the prior written consent of the other Shareholder Party and subject to the exceptions as set out in the SHA, amongst others, acquire or subscribe for, or agree or offer to acquire or subscribe for any Equity Securities (or the securities of any successor to or person in control of the MergeCo), any direct or indirect rights or options to acquire any Equity Securities or any forward contract, swap or other position with a value derived from the Equity Securities or a material portion of the assets of the MergeCo or of its divisions or of any such successor or controlling persons.

For reference, “**Equity Securities**” means: (a) any Shares of the MergeCo, other classes of shares or other equity securities; or (b) any security, right, option, warrant, appreciation right or instrument (including debt instrument) that is exercisable for, convertible into, exchangeable for, or entitles the holder to acquire or receive, with or without consideration, any Shares, other classes of shares or other equity securities (including any option to purchase or rights to subscribe for such a convertible or exchangeable security) of the MergeCo.

5. Transfer of Shares

- 5.1. Restriction on Transfers. No Party shall make or attempt to effect any transfer of all or any portion of any Equity Securities owned or otherwise held by such Party, except in accordance with the provisions of the SHA.
- 5.2. Permitted Transfer. Subject to the provisions of the SHA, each of the Parties agrees, amongst others, that if it or any of its affiliates transfers any Equity Securities pursuant to a Permitted Transfer, the guarantor for that Party’s group guarantees the performance of the SHA by such Permitted Transferee under the provisions of the SHA. Notwithstanding paragraph 5.1 (*Restriction on Transfers*), the provisions set forth in, amongst others, paragraph 5.6 (*Lock-up; Right of First Offer*) shall not apply to transfers of shares that constitute Permitted Transfers.

For reference: (a) “**Permitted Transfer**” means a transfer of Shares to a Permitted Transferee; and (b) “**Permitted Transferee**” means any entity that is or is a wholly-owned subsidiary of, the applicable Ultimate Holding Person of the Shareholder Party.

- 5.3. Major Transfer. Each of the Parties agrees that it shall not, and shall cause its affiliates not to, transfer any Equity Securities to any third party if such third party (a “**Major Transfer Buyer**” and such Transferring Party, a “**Major Transfer Seller**”) and its affiliates would, following such transfer, beneficially own 23.2% or more of the Outstanding Shares (a “**Major Transfer**”) unless (a) the Major Transfer Seller has complied with its obligations under paragraph 5.4 (*Major Transfer Buyer and Remaining Party Discussions*) and paragraph 5.6(b) (*Right of First Offer*); (b) the Major Transfer Buyer has executed a deed of adherence and agreed to be bound by the obligations and restrictions under the SHA as a Party; (c) the Major Transfer Buyer has agreed with the Remaining Party (as defined below) to a lock-up restriction (in substantially the same form as paragraph 5.6(a) (*Lock-up*)) for at least two (2) years following the date of the deed of adherence; and (d) the Major Transfer Seller has agreed to cease, or by operation of the terms of the SHA would cease, to be a Party to the SHA on and from the completion of the Major Transfer.
- 5.4. Major Transfer Buyer and Remaining Party Discussions. No less than thirty (30) Business Days before entering into a binding definitive agreement for a Major Transfer, the Major Transfer Seller shall deliver to the other Party (the “**Remaining Party**”) a written notice of its intended Major Transfer. The Major Transfer Seller shall use its reasonable endeavours to facilitate discussions between the Remaining Party and the Major Transfer Buyer on, amongst others, the following topics: (a) the Major Transfer Buyer’s views on the Remaining Party’s strategy for the MergeCo; (b) whether the Major Transfer Buyer is of comparable financial standing to the Major Transfer Seller and its guarantor and, if not, whether the Major Transfer Buyer can provide a suitable guarantor to establish a sufficient level of financial standing to support its obligations under the SHA; and (c) whether there would be any material adverse impact on the Remaining Party or the group companies as a result of the Major Transfer and whether any such adverse impact may be removed.
- 5.5. Transfers to Prohibited Persons. Each of the Parties agrees that it shall not and shall cause its affiliates not to knowingly transfer any Equity Securities to any person who is or whose affiliate is a competitor or a sanctioned person, provided that the restriction in this paragraph shall not apply to on-market sales by a Party on Bursa Securities in which a Party is unaware of the identity of the buyer at the time of such sale.
- 5.6. Lock-up; Right of First Offer
- (a) Lock-up. During the Standstill and Lock-Up Period, no Shareholder Party shall directly or indirectly transfer any Shares, except for Permitted Transfers. After the expiry of the Standstill and Lock-up Period, no Shareholder Party shall transfer any Shares, other than (x) with the prior written consent of the other Parties, or (y) in compliance with the provisions relating to transfer of shares under the SHA and to the extent applicable, provisions relating to right of first offer (as set out in paragraph 5.6(b) below), pledging of shares (as set out in paragraph 5.6(c) below) and provisions relating to transfer-related matters under the SHA.

- (b) Right of First Offer. Subject to the provisions on transfer of shares in the SHA and the other provisions of paragraph 5.6, a Shareholder Party wishing to transfer its Shares (a “**Transferring Shareholder**”) may transfer any Shares to a third party only if it first provides a notice in writing (a “**Transfer Notice**”) indicating its interest to transfer such Shares (the “**Offered Shares**”) to the other Shareholder Party (a “**Non-Transferring Shareholder**”). A Transfer Notice must specify, amongst others, the number of Shares proposed to be so sold, the number of Shares held by the Transferring Shareholder and its affiliates; and the price per Share (which shall be for cash consideration) and other material terms upon which the Transferring Shareholder proposes to transfer the Offered Shares (the “**ROFO Offered Terms**”). The Transfer Notice shall constitute a binding offer (“**ROFO Offer**”) by the Transferring Shareholder to sell all of the Offered Shares to the Non-Transferring Shareholder. If the Non-Transferring Shareholder does not deliver the relevant acceptance notice within the prescribed acceptance period, the request in the Transfer Notice will be deemed to have been declined. Upon the ROFO Offer being declined or deemed to have been declined, the Transferring Shareholder may sell all and not some only of the Offered Shares to a third party at the same or higher price and on other terms and conditions no less favourable as a whole to the third party than those contained in the ROFO Offer, subject to the terms of the SHA.
- (c) Pledging of Shares. Each Shareholder Party may pledge, charge, mortgage or otherwise specifically create a lien over any of its Shares in favour of a permitted financing bank (a “**Finance Party**”) as security for any indebtedness or other obligation of such Shareholder Party, provided that such Finance Party shall have agreed in writing with the other Shareholder Party on behalf of it and on behalf of any other finance parties entitled to the benefit of such lien that:
- (i) the Finance Party shall notify such Shareholder Party before or as soon as reasonably practicable after taking steps to enforce any such lien;
 - (ii) if the Finance Party expects to appoint an administrator, receiver, or similar office holder, it shall notify the other Shareholder Party promptly; and
 - (iii) in the event that the Finance Party takes possession or otherwise causes a sale of the Shares, or if an administrator, receiver or similar office holder is appointed, the Finance Party shall comply, or shall cause any such transfer to comply, or (if applicable) shall ensure that such administrator, receiver or similar office holder agrees in writing that it shall comply, with the provisions of paragraph 5.6(b) (*Right of First Offer*) (as if it were the Transferring Shareholder) and paragraph 5.3 (*Major Transfer*) (in the event of a transfer that would result in any person (and its affiliates) beneficially owning 26% or more of the Outstanding Shares following such transfer), in each case in favour of the other Party.

6. Termination

The SHA shall terminate upon the occurrence of any of the following events:

- (a) on the date which the SHA is terminated by the written agreement of all Parties;

- (b) on the date which the MergeCo is wound up, liquidated, or dissolved (other than as a result of a solvent reorganisation or merger, consolidation, scheme, amalgamation in which case it shall continue to apply to the successor or surviving entity);
- (c) solely with respect to a Shareholder Party (and its applicable guarantor) if such Shareholder Party and its affiliates cease to own at least 10% of the Outstanding Shares, but without prejudice to the continuation of the SHA with respect to any other Shareholder Parties (including transferees which become Parties in accordance with the terms of the SHA).

7. Governing Law

The SHA including any non-contractual obligations arising out of or in connection with the SHA is governed by and shall be construed in accordance with English law.