

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Statement prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



CTOS DIGITAL BERHAD

(Registration No. 201401025733 (1101823-A))
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE
AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN
PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES
("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")**

The resolution in respect of the above proposal will be tabled as Special Business at the 2023 Annual General Meeting ("2023 AGM") of CTOS Digital Berhad ("CTOS Digital" or "Company"), which will be conducted as a fully virtual meeting on Friday, 26 May 2023 at 9.30 a.m. through live streaming, online Remote Participation and Voting ("RPV") via the online meeting platform hosted on Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") Online System ("TIIH Online") at <https://tiih.online> (Meeting Platform).

This Statement is available at www.ctosdigital.com together with the 2022 Annual Report, Notice of the 2023 AGM, Proxy Form and the Administrative Guide to the 2023 AGM of the Company. Please follow the procedures in the Administrative Guide for the 2023 AGM in order to participate remotely via RPV.

You are entitled to attend and vote at the 2023 AGM of the Company or to appoint a proxy or proxies to attend, participate and vote on your behalf. The Proxy Form must be completed and deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the 2023 AGM or any adjournment thereof.

You can also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> before the proxy form lodgement cut-off time as mentioned below. For further information on the electronic lodgement of proxy form, kindly refer to the Administrative Guide for the 2023 AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 24 May 2023, 9.30 a.m.

Date and time of the 2023 AGM : Friday, 26 May 2023, 9.30 a.m.

This Statement is dated 26 April 2023.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:-

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof (including the corresponding previous written law)
AGM	: Annual General Meeting
Board	: Board of Directors of CTOS Digital
Bursa Securities	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Code	: Malaysian Code on Take-Overs and Mergers 2016, including any amendments that may be made from time to time
CMSA	: Capital Markets and Services Act 2007 including any amendments that may be made from time to time
Directors	: Directors of CTOS Digital, shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
EPS	: Earnings per share
CTOS Digital or the Company	: CTOS Digital Berhad (Registration No. 201401025733 (1101823-A))
CTOS Digital Group or Group	: Collectively, our Company and its subsidiaries
CTOS Digital Shares(s)	: Ordinary share(s) in our Company
Listing Requirements	: Main Market Listing Requirements of Bursa Securities and any amendments that may be made from time to time
LPD	: 31 March 2023 being the latest practicable date prior to the printing of this Statement
Market Day	: A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
NA	: Net Assets
Proposal Share Buy-Back	: Proposed purchase of up to ten per centum (10%) of CTOS Digital's total number of issued shares
Proposed Renewal of Share Buy-Back Mandate or Proposal	: Proposed renewal of shareholders' mandate for the authority to the Company to purchase its own shares up to ten per centum (10%) of its total number of issued shares
Purchased Shares	: CTOS Digital Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Mandate
RM and sen	: Ringgit Malaysia and sen, respectively

SC : Securities Commission Malaysia

Surprise Holiday A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year

All References to “**you**” or “**your**” in this Statement are referred to our shareholders, unless the context otherwise requires.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include companies or corporations, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the tables between the amounts listed and the totals in this Statement are due to rounding.

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CTOS Digital Berhad

(Registration No. 201401025733 (1101823-A))
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No 8, Jalan Kerinchi,
59200 Kuala Lumpur

26 April 2023

Board of Directors

Tan Sri Izzuddin Bin Dali (*Independent Non-Executive Chairman*)
Dato' Noorazman Bin Abd Aziz (*Independent Non-Executive Director*)
Loh Kok Leong (*Non-Independent Non-Executive Director*)
Lynette Yeow Su-Yin (*Independent Non-Executive Director*)
Nirmala A/P Doraisamy (*Independent Non-Executive Director*)
Su Puay Leng (*Independent Non-Executive Director*)
Erick Hamburger Barraza (Executive Director cum Group Chief Executive Officer)
Wong Pau Min (*Alternate Director to Loh Kok Leong*)

To: The Shareholders of CTOS Digital

Dear Sir/ Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

1. INTRODUCTION

At the Extraordinary General Meeting of the Company held on 25 August 2022, the Company had obtained the shareholders' mandate for the Proposed Share Buy-Back by CTOS Digital of up to 10% of its total number of issued shares of the Company at any point of time through Bursa Securities. The said mandate shall lapse at the conclusion of the forthcoming 2023 AGM unless the approval for its renewal is obtained from the shareholders at the forthcoming 2023 AGM.

On 17 April 2023, the Board announced that the Company proposes to seek shareholders' approval for the Proposed Renewal of Share Buy-Back Mandate at the forthcoming 2023 AGM.

The purpose of this Statement is to provide you with information on the Proposal and to seek your approval on the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the forthcoming 2023 AGM of the Company, to be held on 26 May 2023. This Statement is available at www.ctosdigital.com together with the 2022 Annual Report, Notice of the 2023 AGM, Proxy Form and the Administrative Guide to the 2023 AGM of the Company.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSAL.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Company had at its Extraordinary General Meeting held on 25 August 2022 obtained an approval from its shareholders to purchase up to ten per centum (10%) of the total number of issued shares and the said approval will be expiring at the conclusion of the forthcoming 2023 AGM of the Company unless the approval is renewed.

The Company proposes to seek the approval from the shareholders of the Company at the forthcoming 2023 AGM for the Proposed Renewal of Share Buy-Back Mandate.

The approval from the shareholders would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Mandate at the forthcoming 2023 AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

3. MAXIMUM NUMBER OR PERCENTAGE OF SHARES TO BE ACQUIRED

The maximum number of CTOS Digital Shares which may be purchased by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time in compliance with Paragraph 12.09 of the Listing Requirements.

The actual number of CTOS Digital Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Mandate, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments, the availability of financial resources and the retained profits of the Company at the time of the purchase(s).

4. MAXIMUM AMOUNT OF FUNDS TO BE ALLOCATED AND THE SOURCE OF FUNDS

The funding for the Proposed Share Buy-Back will be from internally generated funds and/or borrowings or a combination of both, the proportion of which will depend on the actual number of CTOS Digital Shares to be purchased, the price(s) of the Shares, available funds at the time of purchase(s) and other relevant cost factors.

In the event the Company purchases its own shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment is not expected to have a material effect on the cash flow of the Company.

The maximum amount of fund to be used for the purchase of CTOS Digital Shares pursuant to the Proposed Share Buy-Back shall not exceed the aggregate balance standing in the retained profits of the Company at the point of purchase.

The retained profits of the Company based on the Audited Financial Statements for the financial year ended 31 December 2022 was RM109,250,000.

Pursuant to Section 112(2) of the Act, the Company will perform a solvency test to satisfy the following conditions:-

- (i) The share buy-back would not result in the Company being insolvent and its capital being impaired at the date of the solvency statement; and
- (ii) The Company will remain solvent after each buy-back during the period of six months after the date of the declaration made by a majority of the Directors.

5. TREATMENT OF SHARES PURCHASED

In accordance with Section 127(4) of the Act, the Directors may, at its discretion, deal with the Purchased Shares until all the Purchased Shares have been dealt with in the following manner:-

- (a) To cancel all or part of the Purchased Shares; or
- (b) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act.

Based on Section 127(7) of the Act, where such Purchased Shares are held as treasury shares, our Directors may at their discretion:

- (a) distribute all or part of the treasury shares as dividends to our shareholders, such dividends to be known as "shares dividends";
- (b) resell all or part of the treasury shares in accordance with the Listing Requirements;
- (c) transfer all or part of the treasury shares for the purposes of or under an employees' share scheme established by the Company and/or its' subsidiaries;
- (d) transfer all or part of the treasury shares as purchase consideration;
- (e) cancel all or part of the treasury shares;
- (f) sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (g) deal with the treasury shares in the manner as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities from the time being in force.

While the Purchased Shares are held as the treasury shares, the treasury shares shall not be taken into account in calculating the number or percentage of shares, or of a class of shares in our Company for any purposes including, without limiting the generality of the provision of Section 127 of the Act, the provision of any law or the requirements of the Company's Constitution or the Listing Requirements on substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting. An immediate announcement will be made to Bursa Securities in respect of the intention of the Board on the treatments of the Purchased Shares, i.e. notification of purchase, resale or transfer or cancellation of the Purchased Shares as per the Listing Requirements.

As at the date of this Statement, the Board has yet to make any decision with regards to the treatment of the Shares so purchased in the future.

Where the Directors resolve to cancel the Shares so purchased or cancel any treasury shares, the number of the Company's issued shares shall be diminished by the cancellation of the Shares so cancelled. It is pertinent to note that the cancellation of Shares made pursuant to Section 127(15) of the Act shall not be deemed to be a reduction in share capital.

6. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable the Company to utilise its financial resources not immediately required for use to purchase its own Shares from the open market. It may help to stabilise the supply and demand and price of its Shares traded on Bursa Securities, thereby supporting the fundamental value of the Shares.

The CTOS Digital Shares purchased, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Shares carrying voting and participation rights. Therefore, the Proposed Share Buy-Back may increase shareholders' value and to improve, *inter alia*, the return on equity of the Group. The purchase of CTOS Digital Shares may result in an improvement to the consolidated EPS and/or NA per Share of the Group (given the decreased share base used for the computation of the EPS and NA).

The Purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

7. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (i) The Proposed Share Buy-Back, if implemented, will allow the Company to utilise its surplus financial resources not immediately required for use, to purchase CTOS Digital Shares. If the CTOS Digital Shares purchased are held as treasury shares or cancelled immediately, this may improve the consolidated EPS and NA per share;
- (ii) The Proposed Share Buy-Back may also stabilise the supply and demand of CTOS Digital Shares traded on the stock market of Bursa Securities which will reduce the volatility of CTOS Digital Share prices. The stability of CTOS Digital Share prices is important to maintain investors' confidence in order to facilitate future fund-raising exercises of the Company via the equity market;
- (iii) The Proposed Share Buy-Back will provide the Company the opportunities for potential capital gains if the purchased CTOS Digital Shares which are retained as treasury shares are resold at prices higher than the purchase prices and such proceeds may be subsequently used for investment opportunities arising in the future, working capital and/or to be distributed as dividends to shareholders; and
- (iv) In the event the treasury shares are distributed as share dividends, it may serve to reward the shareholders of CTOS Digital.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (i) The Proposed Share Buy-Back, if implemented, will reduce the amount of financial resources available for distribution to the shareholders of the Company;
- (ii) If the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, the cash flow of the Company may be affected to the extent of the interest costs associated with such borrowings;
- (iii) The funds allocated for the Proposed Share Buy-Back could be used for other investment opportunities which may emerge in the future; and
- (iv) As the Proposed Share Buy-Back must be made wholly out of the Company's retained profits, the amount of retained profits available for distribution as dividends to the shareholders will be reduced accordingly.

The Proposed Share Buy-Back, however, is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after in-depth consideration of the financial resources of CTOS Digital which need to be balanced against investment opportunities and other proposals that can enhance the value to its shareholders. The Board is mindful of the interests of the Company and its shareholders with respect to the above exercise.

8. FINANCIAL EFFECTS TO THE PROPOSED SHARE BUY-BACK

The financial effects of the Proposed Share Buy-Back on the share capital, earnings, working capital, NA, dividends and shareholdings of Directors and Substantial Shareholders of the Company or Group are set out below:-

8.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares. The Proposed Share Buy-Back will result in a reduction of the issued share capital of the Company if the Purchased Shares are cancelled.

On the assumption that the Proposed Share Buy-Back is carried out in full and all the CTOS Digital Shares so acquired are subsequently cancelled, the Proposed Share Buy-Back will result in the total number of issued shares of the Company as at the LPD to be reduced as follows:

	No. of CTOS Digital Shares
Issued share capital as at LPD	2,310,000,000
Less: Maximum number of CTOS Digital Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(231,000,000)
Resultant issued share capital after cancellation of CTOS Digital Shares purchased under the Proposed Share Buy-Back	<u>2,079,000,000</u>

In the event that all the CTOS Digital Shares so purchased are retained as treasury shares and not to be cancelled, the Proposed Share Buy-Back will not have any effect on the total number of issued shares of the Company.

8.2 Earnings

The effects of the Proposed Share Buy-Back on the consolidated earnings and EPS of CTOS Digital Group would depend on, *inter alia*, the number of Purchased Shares, the effective cost of funding as well as the interest income foregone in connection with funding such Purchased Shares. If the Purchased Shares are retained as treasury shares or cancelled subsequently, the number of shares applied in the computation of the EPS will be reduced and, this may improve the consolidated EPS of CTOS Digital Group.

8.3 NA

The consolidated NA of the Group may increase or decrease depending on the number of CTOS Digital Shares purchased, the purchase price(s) of the CTOS Digital Shares, the effective cost of funding and the treatment of the CTOS Digital Shares purchased.

The Proposed Share Buy-Back will reduce the NA per Share if the purchase price is more than the NA per Share at the time of purchase. On the contrary, the NA per Share will increase if the purchase price is less than the NA per Share at the time of purchase.

8.4 Working Capital

The Proposed Share Buy-Back, as and when implemented, will result in an outflow of cash and thereby reduce the working capital and cash flow of CTOS Digital Group. The quantum of reduction in working capital is dependent on the purchase price and number of CTOS Digital Shares purchased.

However, for CTOS Digital Shares so purchased and kept as treasury shares, upon their resale at a higher selling price than the initial purchase price, the working capital and the cash flow of CTOS Digital Group will increase. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

8.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of the Company as a result of the suspension of the rights of Treasury Shares to dividend entitlement or the reduction in the total number of issued shares of the Company in the event of the treasury shares being cancelled.

The Proposed Share Buy-Back may reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares may be distributed as dividends to the shareholders of the Company, if the Company so decides.

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8.6 Directors' and Substantial Shareholders' Shareholdings

Based on the Registers of Directors' and Substantial Shareholders' shareholdings as at LPD and assuming that the Proposed Share Buy-Back is implemented up to the maximum of 10% of the total number of issued shares of the Company and that the Purchased Shares are from the shareholders other than the Directors and Substantial Shareholders of CTOS Digital, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of CTOS Digital are set out below:-

	Number of Shares held as at LPD [@]				After Proposed Share Buy-Back [#]			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors								
Tan Sri Izzuddin Bin Dali	130,000	0.006	-	-	130,000	0.006	-	-
Dato' Noorazman Bin Abd Aziz	200,000	0.009	-	-	200,000	0.010	-	-
Loh Kok Leong	300,000	0.013	-	-	300,000	0.014	-	-
Lynette Yeow Su-Yin	300,000	0.013	-	-	300,000	0.014	-	-
Nirmala A/P Doraisamy	-	-	-	-	-	-	-	-
Su Puay Leng	300,000	0.013	-	-	300,000	0.014	-	-
Erick Hamburger Barraza	150,000	0.006			150,000	0.007		
Wong Pau Min	500,000	0.022	-	-	500,000	0.024	-	-

	Number of Shares held as at LPD [@]				After Proposed Share Buy-Back [#]			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Substantial Shareholders								
Inodes Limited	339,034,800	14.677	-	-	339,034,800	16.308	-	-
Creador II, LLC	-	-	339,034,800 ¹	14.677	-	-	339,034,800 ¹	16.308
Employees Provident Fund Board	268,428,700	11.620	-	-	268,428,700	12.911	-	-
ABRDN Malaysia Sdn Bhd	-	-	123,276,300 ²	5.337	-		123,276,300 ²	5.930
ABRDN Holdings Limited (Formerly known as Aberdeen Asset Management PLC)	-	-	124,994,900 ³	5.411	-		124,994,900 ³	6.012
ABRDN PLC	-	-	124,994,900 ⁴	5.411	-		124,994,900 ⁴	6.012

Notes:-

- @ Computation of percentage of shareholdings is based on total issued Shares of CTOS Digital
- # Assuming the Proposed Share Buy-Back is implemented in full, i.e. up to 10% of total number of issued shares of the Company, the Purchased Shares are held as treasury shares and that the Directors and the substantial shareholders' shareholdings in CTOS Digital remain unchanged.
- 1 Deemed interest through shares held by Inodes Limited pursuant to Section 8(4) of the Companies Act 2016.
- 2 Deemed interest through shares held by the registered holder which is a custodian appointed by one or more funds managed by ABRDN Malaysia Sdn Bhd.
- 3 Deemed interest through shares held by the registered holder who is a custodian appointed by one or more funds managed by one or more subsidiaries of ABRDN Holdings Limited (formerly known as Aberdeen Asset Management PLC) pursuant to Section 8(4)(c) of the Companies Act 2016.
- 4 Deemed interest through shares held by the registered holder who is a custodian appointed by one or more funds managed by one or more subsidiaries of ABRDN PLC pursuant to Section 8(4)(c) of the Companies Act 2016.

9. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company was 79.676%. The Proposed Renewal of Share Buy-Back Mandate will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with 25% public shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's Shares if the purchase would result in the public shareholding spread requirements not being met.

10. IMPLICATION OF THE CODE

If any one of the Directors, Substantial Shareholders and/or their respective parties acting in concert with them, as a result of the Proposed Share Buy-Back:

- (a) obtains control in the Company (which is the holding of, or entitlement to exercise or control the exercise of, more than 33% of the voting shares or voting rights of the Company); or
- (b) increases his/their existing shareholdings of the Company (which is more than 33% but not more than 50% of the voting shares or voting rights of the Company) by more than 2% in any six (6) months period,

the affected Director, Substantial Shareholder and/or parties acting in concert with them ("Affected Person(s)") would be obliged to undertake a mandatory offer for the remainder CTOS Digital Shares not already owned by them pursuant to the Code. However, a waiver to undertake a mandatory offer may be granted by the SC under the Code upon application by the Affected Person(s) before triggering the mandatory offer and subject to the affected Director, Substantial Shareholder and/or parties acting in concert with them complying with certain conditions.

The Board is aware of the implications of the Code and will be mindful of such implications when making any purchase of CTOS Digital Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate.

However, in the event an obligation to undertake a mandatory offer is expected to arise with respect to any party or parties resulting from the Proposed Share Buy-Back, which is an action outside its direct participation, the relevant parties will make necessary application to the SC for an exemption from undertaking a mandatory offer pursuant to the Code prior to any buy-back of the Shares.

11. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the Directors and/or Substantial Shareholders and/or persons connected to them, has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate or the subsequent resale of the treasury shares (if any).

12. PURCHASE, RESALE, TRANSFER AND/OR CANCELLATION OF CTOS DIGITAL SHARES IN THE PRECEDING TWELVE (12) MONTHS

There have not been any previous purchase, resale, transfer and/or cancellation of treasury shares of CTOS Digital in the previous 12 months preceeding this Statement. As at the date of this Statement, the Company does not hold any treasury shares.

13. MARKET PRICE OF THE COMPANY'S SHARES

The following table sets out the monthly highest and lowest prices of CTOS Digital Shares traded on Bursa Securities for the preceding twelve (12) months from April 2022 up to March 2023, being the LPD are as follows:-

	High RM	Low RM
<u>2022</u>		
April	1.63	1.49
May	1.53	1.35
June	1.46	1.13
July	1.46	1.15
August	1.49	1.32
September	1.51	1.27
October	1.43	1.28
November	1.44	1.31
December	1.49	1.37
<u>2023</u>		
January	1.58	1.41
February	1.54	1.38
March	1.44	1.27
Last transacted market price of CTOS Digital Shares on LPD being the latest practicable date prior to printing of this Statement		1.31

(Source: Bursa Malaysia)

14. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Mandate is solely subject to the approval of the shareholders of CTOS Digital at the forthcoming 2023 AGM to be convened.

15. DIRECTORS' STATEMENT AND RECOMMENDATION

After having taken into consideration the Proposed Renewal of Share Buy-Back Mandate stated above, the Directors are of the opinion that the Proposed Renewal of Share Buy-Back Mandate is in the best interest of the Company. Accordingly, the Directors recommend that the shareholders **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the Company's forthcoming 2023 AGM.

16. 2023 AGM

The Ordinary Resolution in respect of the Proposed Renewal of Share Buy-Back Mandate as set out in the Notice of 2023 AGM will be tabled at the forthcoming 2023 AGM of the Company. The Statement is available at www.ctosdigital.com together with the Annual Report 2022, Notice of 2023 AGM, Proxy Form and the Administrative Guide to the 2023 AGM of the Company.

The 2023 AGM of CTOS Digital will be conducted as a fully virtual meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIH Online at <https://tiih.online> on Friday, 26 May 2023 at 9.30 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing, with or without any modifications, the resolution by way of poll to give effect to the Proposed Renewal of Share Buy-Back Mandate, under the agenda of Special Business.

Please read the Notes in the Notice of 2023 AGM carefully and follow the procedures in the Administrative Guide for 2023 AGM in order to participate remotely via RPV facilities.

If you are unable to participate in this 2023 AGM, you may appoint a proxy(ies) by completing, sign and deposit the Proxy Form in accordance with the instructions therein, to the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight (48) hours before the date and time set for holding the 2023 AGM or any adjournment thereof. You may also have the option to lodge the Proxy Form electronically via TIIH Online at <https://tiih.online> before the proxy appointment cut-off time as mentioned above. For further information on the electronic lodgement of Proxy Form, kindly refer to the Administrative Guide to the 2023 AGM.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the 2023 AGM should you subsequently wish to do.

17. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices in this Statement for further information.

Yours faithfully
For and on behalf of the Board of Directors
CTOS DIGITAL BERHAD

TAN SRI IZZUDDIN BIN DALI
Independent Non-Executive Chairman

APPENDIX I

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors of CTOS Digital have seen and approved the contents of this Statement and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Statement misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the registered office of our Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia during normal business hours on Mondays to Fridays (except public holidays) from the date of this Statement up to and including the date of our forthcoming AGM:

- (a) Constitution of the Company; and
- (b) Audited consolidated financial statements of CTOS Digital for the past two (2) financial years ended 31 December 2021 and 31 December 2022.

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APPENDIX II

ORDINARY RESOLUTION TO BE TABLED AT THE 2023 AGM OF CTOS DIGITAL IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

Ordinary Resolution

Proposed Renewal of Shareholders' Mandate for the Authority to the Company to Purchase Its Own Shares up to Ten Per Centum (10%) of the Total Number of Issued Shares

THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;

- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with responsibility for companies may by order prescribe; and/or
- (viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.

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