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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.

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CTOS DIGITAL BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- I. PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR "SCHEME") OF UP TO 1% OF THE TOTAL NUMBER OF ISSUED SHARES OF CTOS DIGITAL BERHAD ("CTOS") (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME ("PROPOSED ESOS"); AND**
- II. PROPOSED ALLOCATION OF ESOS OPTIONS TO THE EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER OF CTOS ("PROPOSED ALLOCATION")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of CTOS ("**EGM**") will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Monday, 11 December 2023 at 10.00 a.m. or at any adjournment thereof. The Notice of the EGM together with the Proxy Form are enclosed in this Circular and can be downloaded from our Company's website at <https://ctosdigital.com/investor-relations/shareholdersmeeting/> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate, speak (in the form of real time submission of typed texts) and vote remotely at the EGM is entitled to appoint not more than 2 proxies to participate, speak and vote remotely on his/her behalf. If you decide to appoint a proxy(ies) to participate on your behalf at the EGM, please complete and lodge the Proxy Form in hard copy form or by electronic means in the following manner and the Proxy Form must be received by our Share Registrar not less than 48 hours before the time appointed for holding the EGM:

- (i) In hard copy form - The Proxy Form must be deposited at our Share Registrar's office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia.
- (ii) By electronic means via online - The Proxy Form must be electronically lodged with our Share Registrar via TIIH Online at <https://tiih.online> or <https://tiih.com.my>. Please refer to the Procedures for Electronic Submission of the Proxy Form in the Administrative Guide for the EGM.

For option (ii), our Company may request you to deposit the original executed Proxy Form to our Share Registrar's office before or on the day of the EGM for verification purpose. The lodging of the relevant Proxy Form will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

Last date and time for lodgement of the Proxy Form : Saturday, 9 December 2023 at 10.00 a.m.
Date and time of the EGM : Monday, 11 December 2023 at 10.00 a.m.

This Circular is dated 24 November 2023

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

"Act"	: Companies Act 2016
"Board"	: Board of Directors of CTOS
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"By-Laws"	: The terms and conditions governing the Proposed ESOS as may be amended, modified and/or supplemented from time to time, the draft of which is set out in Appendix I of this Circular
"Circular"	: This circular to shareholders dated 24 November 2023 in relation to the Proposed ESOS
"Constitution"	: Constitution of CTOS
"CTOS" or the "Company"	: CTOS Digital Berhad
"CTOS Group" or the "Group"	: Collectively, CTOS and its subsidiaries which are not dormant
"CTOS Shares" or the "Shares"	: Ordinary shares in CTOS
"Date of Offer"	: The date on which an offer is made by the ESOS Committee in writing
"Directors"	: Our Directors and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"Effective Date"	: The effective date of implementation of the Proposed ESOS
"EGM"	: Extraordinary General Meeting
"Eligible Persons"	: The executive directors and employees of CTOS Group (excluding dormant subsidiaries, if any), as the case may be, who meet the eligibility criteria for participation in the Proposed ESOS as set out in the By-Laws
"EPS"	: Earnings per Share
"ESOS" or "Scheme"	: Employees' share option scheme
"ESOS Committee"	: The committee comprising certain Non-Executive Directors and the Executive Director of our Company and/or other persons within our Group appointed and duly authorised from time to time by the Board, to administer the Proposed ESOS in accordance with the provisions of the By-Laws
"ESOS Options"	: The options to be granted to the Eligible Persons which may be exercised to subscribe for new CTOS Shares at the Exercise Price in accordance with the By-Laws

DEFINITIONS (CONT'D)

"Exercise Price"	: The price at which the Eligible Persons, who have accepted the offer of ESOS Options, are entitled to subscribe for each new CTOS Share pursuant to the exercise of ESOS Options
"FPE"	: Financial period ended
"FYE"	: Financial year ended
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LPD"	: 31 October 2023, being the latest practicable date prior to the date of this Circular
"Market Day"	: A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
"MFRS 2"	: Malaysian Financial Reporting Standard 2
"NA"	: Net assets
"Proposed Allocation"	: Proposed allocation of ESOS Options to Erick Hamburger Barraza, being the Executive Director and Group Chief Executive Officer of CTOS
"Proposed ESOS"	: Proposed establishment of an ESOS of up to 1% of the total number of issued shares of CTOS (excluding treasury shares, if any) at any point in time during the duration of the Scheme
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
"RHB Investment Bank" or the "Principal Adviser"	: RHB Investment Bank Berhad
"RM" and "sen"	: Ringgit Malaysia and sen respectively
"Senior Management"	: Employee of our Group who falls within the grading of senior management as determined by the ESOS Committee from time to time
"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
"VWAP"	: Volume weighted average market price

References to "our Company" in this Circular are to CTOS and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

DEFINITIONS (CONT'D)

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in our quarterly results or annual reports, is due to rounding.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed ESOS in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed ESOS before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular
Summary of the Proposed ESOS	CTOS proposes to undertake the establishment of an ESOS of up to 1% of the total number of issued shares of CTOS (excluding treasury shares, if any) at any point in time during the duration of the Scheme.	Section 2 of this Circular
Rationale and justification for the Proposed ESOS	<p>The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the long term corporate goals of our Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in our Company and help to achieve the objectives as set out below:</p> <ul style="list-style-type: none"> (i) To recognise and reward the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of our Group; (ii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty; (iii) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of our Company; (iv) to attract prospective employees with relevant skills and experience to our Group by making the total compensation package more competitive; and (v) to retain and reward the Eligible Persons in the medium to long term by allowing them to participate in our Group's future growth and eventually realise any potential capital gains arising from possible appreciation in the value of the new CTOS Shares, upon exercising of the ESOS Options. 	Section 3 of this Circular
Approvals required/obtained for the Proposed ESOS	<ul style="list-style-type: none"> • The Proposed ESOS is subject to the following approvals being obtained: <ul style="list-style-type: none"> (i) Bursa Securities, for the listing of such number of new CTOS Shares, representing up to 1% of the total number of issued shares of our Company (excluding treasury shares, if any) that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the Scheme on the Main Market of Bursa Securities, which was obtained vide its letter dated 7 November 2023, subject to the conditions as set out in Section 6 of this Circular; 	Section 6 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
	<ul style="list-style-type: none"> (ii) our shareholders, for the Proposed ESOS at the forthcoming EGM by way of poll; and (iii) any other relevant parties, if required. <ul style="list-style-type: none"> • The Proposed ESOS is not conditional upon any other proposals undertaken or to be undertaken by our Company. 	
Interests of Directors, major shareholders, chief executive and/or persons connected	<ul style="list-style-type: none"> • Erick Hamburger Barraza, being the only Executive Director and Group Chief Executive Officer of CTOS, is eligible to participate in the Proposed ESOS, and is therefore deemed interested to the extent of his Proposed Allocation. • He has abstained and will continue to abstain from deliberating, voting, expressing an opinion and making any recommendations at all relevant Board meetings in relation to his Proposed Allocation. He will also abstain from voting in respect of his direct and/or indirect shareholding in our Company on the ordinary resolution pertaining to his Proposed Allocation to be tabled at the forthcoming EGM of our Company. • He has undertaken that he will ensure that persons connected with him, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the ordinary resolution pertaining to his Proposed Allocation to be tabled at the forthcoming EGM of our Company. 	Section 7 of this Circular
Directors' statement and recommendation	<ul style="list-style-type: none"> • Our Board (save for Erick Hamburger Barraza who has abstained from forming any opinion and making any recommendations relating to his Proposed Allocation), after considering all aspects of the Proposed ESOS and the Proposed Allocation, including the rationale and justification for the Proposed ESOS as well as the effects of the Proposed ESOS, is of the opinion that the Proposed ESOS and the Proposed Allocation are in the best interest of our Company. • Accordingly, our Board (save for Erick Hamburger Barraza who has abstained from forming any opinion and making any recommendations relating to his Proposed Allocation) recommends that you vote in favour of the ordinary resolutions pertaining to the Proposed ESOS and the Proposed Allocation to be tabled at the forthcoming EGM. 	Section 10 of this Circular



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

24 November 2023

Board of Directors

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

To: Our shareholders

Dear Sir/Madam,

- I. **PROPOSED ESOS; AND**
- II. **PROPOSED ALLOCATION**

1. INTRODUCTION

On 27 October 2023, RHB Investment Bank had, on behalf of our Board, announced that our Company proposes to establish an ESOS of up to 1% of the total number of issued shares of CTOS (excluding treasury shares, if any) at any point in time during the duration of the Scheme.

On 7 November 2023, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had vide its letter 7 November 2023, approved the listing of such number of new CTOS Shares, representing up to 1% of the total number of issued shares of CTOS (excluding treasury shares, if any) that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the Scheme on the Main Market of Bursa Securities, subject to the conditions as set out in Section 6 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ESOS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND THE PROPOSED ALLOCATION TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND THE PROPOSED ALLOCATION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS entails the granting of ESOS Options to the Eligible Persons to subscribe for new ordinary shares in our Company at the Exercise Price during the duration of the Scheme in the manner set out in the By-Laws.

The Proposed ESOS will be administered by an ESOS Committee comprising certain Non-Executive Directors and the Executive Director of our Company and/or other persons within our Group appointed and duly authorised from time to time by our Board. The ESOS Committee will have the sole and absolute discretion in administering the ESOS as it may deem fit, in accordance with the provisions set out in the By-Laws.

The salient features of the Proposed ESOS are set out below:

2.1 Maximum number of new CTOS Shares available under the Proposed ESOS

The maximum number of new CTOS Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not exceed in aggregate 1% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point in time during the duration of the Scheme.

2.2 Basis of allotment and maximum allowable allotment

The maximum number of new CTOS Shares that may be offered to an Eligible Person under the Proposed ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, among others, where relevant, the Eligible Person's performance, contribution, employment grade, seniority, length of service and such other factors that the ESOS Committee may deem relevant in its discretion and shall be subject to the following:

- (i) the total number of new CTOS Shares to be issued under the Proposed ESOS shall not exceed the amount stipulated in Section 2.1 of this Circular;
- (ii) the allocation to any individual Eligible Person, who either individually or collectively, through persons connected with him/her, holds 20% or more of the total number of issued CTOS Shares (excluding treasury shares, if any), must not exceed 10% of the total number of new CTOS Shares (excluding treasury shares, if any) to be issued under the Proposed ESOS;
- (iii) the executive directors and Senior Management of our Group (excluding dormant subsidiaries, if any) do not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to persons connected with them, if any; and
- (iv) all of the total number of new CTOS Shares to be issued under the Proposed ESOS shall be allocated, in aggregate, to the executive directors and Senior Management of our Group (excluding dormant subsidiaries, if any) who are Eligible Persons, on the basis that they are crucial to the performance of our Group as determined by the ESOS Committee at their sole and absolute discretion. For the avoidance of doubt, the indicative breakdown of the allocation of the ESOS Options to the executive directors and Senior Management of our Group has not been determined at this juncture,

provided always that it is in accordance with the Listing Requirements or any prevailing guideline issued by Bursa Securities.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of allocation of the ESOS Options to him/her or persons connected with him/her.

The ESOS Committee has the sole and absolute discretion in determining at a later date, amongst others, the following:

- (i) whether the ESOS Options will be granted in a single tranche or on a staggered basis (including any maximum allocation available for each financial year) during the duration of the Scheme; and
- (ii) whether the ESOS Options are subject to any vesting period or vesting conditions, including any performance target that must be achieved. The vesting period or conditions, if any, shall be stated in the offer letter to the Eligible Person.

2.3 Eligibility

Subject to the discretion of the ESOS Committee, only Eligible Persons who meet the following conditions as at the Date of Offer shall be eligible to participate in the Proposed ESOS:

- (i) he/she has attained 18 years of age;
- (ii) he/she is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (iii) he/she has been confirmed in service on a full-time basis and has served at least 1 year of employment in our Group (unless the ESOS Committee under certain circumstances and at its sole discretion reduces the period of 1 year to a lesser period as it deems fit);
- (iv) where the executive director or employee is under an employment contract, the contract is for a duration of at least 2 years and shall have not expired within 6 months from the Date of Offer;
- (v) where the executive director or employee has attained the mandatory retirement age of 60 years old, such persons shall have served for a continuous period of at least 1 year in any corporation within our Group prior to attaining the said mandatory retirement age, and subsequently offered continued employment with such corporation for a minimum period of 1 year and at the time of consideration for the Offer, he/she continues to be employed;
- (vi) in the event the executive director or employee of a corporation which is acquired by our Group during the duration of the Scheme and such corporation becomes a subsidiary of our Company upon completion of such acquisition, the executive director or employee must have completed a continuous period of employment of at least 1 year in our Group from the date of confirmation of employment (which for the avoidance of doubt, shall exclude any probation period) following the date that such corporation becomes or is deemed to be a subsidiary of our Company;

- (vii) he/she is an executive director or a Senior Management of our Group; and
- (viii) must have complied with any other criteria imposed by the ESOS Committee from time to time,

provided always that the selection of any Eligible Person for participation in the Scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

The specific allocation of ESOS Options granted by our Company to an executive director or chief executive of our Company ("**Interested Parties**") or a person connected with any of the Interested Parties who is an Eligible Person must be approved by the shareholders of our Company at a general meeting.

2.4 Duration

The Proposed ESOS, when implemented, shall be in force for a period of 6 years from the Effective Date.

2.5 Retention period

The new CTOS Shares to be allotted and issued to the Eligible Persons pursuant to the By-Laws will not be subject to any retention period or restriction of disposal, transfer and/or assignment, unless the ESOS Committee stipulates otherwise in the offer or prohibited by any applicable laws, regulations and guidelines.

2.6 Basis of determining the Exercise Price of the ESOS Options

Subject to any adjustments made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price of the ESOS Options which the Eligible Person who has accepted the offer of ESOS Options is entitled to subscribe for the new CTOS Shares, to be determined by the Board upon recommendation of the ESOS Committee, shall be fixed based on the 5-day VWAP of CTOS Shares as traded on the Main Market of Bursa Securities immediately preceding the Date of Offer, with a discount of not more than 10%.

2.7 Ranking of the ESOS Options and new CTOS Shares to be issued arising from the exercise of the ESOS Options

The ESOS Options shall not carry any right to vote at any general meeting of our Company or to participate in any form of distribution and/or offer of securities in our Company until and unless such ESOS Options are exercised into new CTOS Shares.

The new CTOS Shares to be allotted and issued upon the exercise of the ESOS Options will, upon allotment and issuance, rank equally in all respects with the then existing CTOS Shares except that the new CTOS Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the date of allotment and issuance of such new CTOS Shares.

2.8 Alteration of share capital

Subject to the By-Laws, in the event of any alteration in the capital structure of our Company during the duration of the Scheme, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, capital reduction, subdivision or consolidation of shares or any other variation of capital, our Company shall cause such adjustment to be made to:

- (i) the exercise price of the ESOS Options; and/or
- (ii) the number of new CTOS Shares comprised in the ESOS Options granted to each Eligible Person (excluding the ESOS Options already exercised).

2.9 Proposed Allocation

Paragraph 6.06(1) of the Listing Requirements states that our Company must not issue any shares to our Directors or chief executive or a person connected with them unless our shareholders in a general meeting have approved the specific allotment to be made to them. Accordingly, we will seek our shareholders' approval at the forthcoming EGM for the Proposed Allocation of the ESOS Options to Erick Hamburger Barraza, the Executive Director and Group Chief Executive Officer of our Company.

2.10 Listing and quotation of the new CTOS Shares to be issued arising from the exercise of the ESOS Options

Bursa Securities had, vide its letter dated 7 November 2023, approved the listing of such number of new CTOS Shares, representing up to 1% of the total number of issued shares of our Company (excluding treasury shares, if any) that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the Scheme on the Main Market of Bursa Securities, subject to the conditions as set out in Section 6 of this Circular.

2.11 Utilisation of proceeds

The actual amount of proceeds to be received by the Company arising from the exercise of the ESOS Options will depend on the number of ESOS Options granted and exercised at the relevant point of time and the exercise price payable upon the exercise of the ESOS Options.

The proceeds arising from the exercise of the ESOS Options as and when received within the duration of the Scheme are expected to be utilised for the working capital requirements of our Group, which may include payment of trade and other payables and defraying marketing and administrative expenses. The proceeds are expected to be utilised within 12 months from the receipt of such proceeds. However, the proceeds to be utilised for each component of working capital requirements are subject to the operating and funding requirements of our Group at the point of utilisation and therefore cannot be determined at this juncture.

The estimated expenses in relation to the Proposed ESOS is approximately RM0.33 million.

2.12 Equity fundraising exercises in the past 12 months

Our Company has not undertaken any equity fundraising exercises in the past 12 months before the announcement of the Proposed ESOS.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED ESOS

The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the long term corporate goals of our Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in our Company and help to achieve the objectives as set out below:

- (i) to recognise and reward the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of our Group;
- (ii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iii) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of our Company;
- (iv) to attract prospective employees with relevant skills and experience to our Group by making the total compensation package more competitive; and
- (v) to retain and reward the Eligible Persons in the medium to long term by allowing them to participate in our Group's future growth and eventually realise any potential capital gains arising from possible appreciation in the value of the new CTOS Shares, upon exercising of the ESOS Options.

4. EFFECTS OF THE PROPOSED ESOS

4.1 Issued share capital

The Proposed ESOS is not expected to have an immediate effect on the existing issued share capital of our Company until such time when the new CTOS Shares are issued arising from the exercise of the ESOS Options. The issued share capital of our Company will increase progressively as and when the new CTOS Shares are allotted and issued arising from the exercise of the ESOS Options.

The pro forma effects of the Proposed ESOS on the issued share capital of our Company are set out below:

	No. of Shares	RM
Issued share capital as at the LPD	2,310,000,000	584,047,394
Shares to be issued assuming full exercise of the ESOS Options	23,100,000	^(a) 33,264,000
Enlarged issued share capital	2,333,100,000	617,311,394

Note:

- (a) Calculated based on the illustrative exercise price of the ESOS Options of RM1.44 per ESOS Option, being the 5-day VWAP of CTOS Shares up to and including the LPD of RM1.44.

4.2 NA per Share and gearing

The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of our Group until such time when the ESOS Options granted under the Proposed ESOS are exercised into new CTOS Shares. Any potential effects on the NA and gearing of our Group will depend on the number of new CTOS Shares to be issued upon the exercise of the ESOS Options granted under the Proposed ESOS and the exercise price of the ESOS Options.

4.3 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on our Company's substantial shareholders' shareholdings until such time when the ESOS Options granted under the Proposed ESOS are exercised into new CTOS Shares. Any potential effect on the shareholdings of the substantial shareholders would depend on the number of new CTOS Shares to be allotted and issued pursuant to the exercise of the ESOS Options granted under the Proposed ESOS at the relevant point in time.

4.4 Earnings and EPS

The Proposed ESOS is not expected to have any immediate effect on the consolidated earnings and consolidated EPS of our Group until such time when the ESOS Options are granted and exercised. However, any potential effect on the consolidated EPS of our Group in the future would depend on the impact of the MFRS 2, the number of the ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options, which is measured by the fair value of the ESOS Options after taking into account, among others, the number of ESOS Options granted and vested and the exercise price of the ESOS Options, will need to be measured at the grant date and to be recognised as an expense over the vesting period. Therefore, this may affect the future earnings of our Group, the quantum of which can only be determined at the grant date. However, the estimated cost does not represent a cash outflow by our Company as it is merely an accounting treatment.

Our Company has taken note of the potential impact of MFRS 2 on our Group's future earnings and shall take into consideration such impact in the allocation and granting of the ESOS Options in the future.

However, the consolidated EPS of our Group will be diluted because of our Company's enlarged issued share capital arising from the issuance of the new CTOS Shares as and when the ESOS Options are exercised in the future.

4.5 Convertible securities

As at the LPD, our Company does not have any convertible securities in issue.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of CTOS Shares as traded on Bursa Securities for the past 12 months from November 2022 to October 2023 are set out below:

	High RM	Low RM
2022		
November	1.44	1.31
December	1.49	1.37
2023		
January	1.58	1.41
February	1.54	1.38
March	1.44	1.27
April	1.45	1.28
May	1.46	1.34
June	1.43	1.34
July	1.41	1.35
August	1.44	1.36
September	1.46	1.39
October	1.48	1.38

Last transacted market price on 26 October 2023
(being the last trading day prior to the announcement of the Proposed ESOS on 27 October 2023) 1.45

Last transacted market price on the LPD 1.45

(Source: Bloomberg)

6. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSED ESOS

The Proposed ESOS is subject to the following approvals being obtained:

- (i) Bursa Securities, for the listing of such number of new CTOS Shares, representing up to 1% of the total number of issued shares of CTOS (excluding treasury shares, if any) that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the Scheme on the Main Market of Bursa Securities, which was obtained vide its letter dated 7 November 2023, subject to the following conditions:

No.	Conditions	Status of compliance
(a)	RHB Investment Bank and CTOS must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESOS;	Noted.
(b)	RHB Investment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and	To be complied.
(c)	CTOS is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied.

- (ii) our shareholders, for the Proposed ESOS at the forthcoming EGM by way of poll; and
- (iii) any other relevant parties, if required.

The Proposed ESOS is not conditional upon any other proposals undertaken or to be undertaken by our Company.

Compliance with Section 85 of the Act

Pursuant to Section 85(1) of the Act which must be read together with Clause 12(3) of our Constitution, our shareholders have pre-emptive rights to be offered any new CTOS Shares which rank equally to the existing issued CTOS Shares or other convertible securities.

Section 85(1) of the Act provides as follows:

"85. Pre-emptive rights to new shares

(1) Subject to the Constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 12(3) of our Constitution provides as follows:

"12(3)(a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

12(3)(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

12(3)(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution".

In order for our Board to issue any new CTOS Shares or other convertible securities without any pre-emptive rights, such pre-emptive rights must be waived. By approving the resolutions in relation to the Proposed ESOS which entail the allotment and issuance of new CTOS Shares (including the new CTOS Shares to be issued arising from the exercise of the ESOS Options) in our Company, our shareholders are waiving their pre-emptive rights pursuant to Section 85(1) of the Act which must be read together with Clause 12(3) of our Constitution to first be offered the CTOS Shares which, upon waiving the same, will result in a dilution to their shareholding percentage in our Company.

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

Save as disclosed below, none of the Directors, major shareholders and chief executive of our Company and/or persons connected with them has any interests, whether direct or indirect, in the Proposed ESOS.

Erick Hamburger Barraza, being the only Executive Director and Group Chief Executive Officer of CTOS, is eligible to participate in the Proposed ESOS, and is therefore deemed interested to the extent of his Proposed Allocation. He has abstained and will continue to abstain from deliberating, voting, expressing an opinion and making any recommendations at all relevant Board meetings in relation to his Proposed Allocation. He will also abstain from voting in respect of his direct and/or indirect shareholding in our Company on the ordinary resolution pertaining to his Proposed Allocation to be tabled at the forthcoming EGM of our Company. He has undertaken that he will ensure that persons connected with him, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the ordinary resolution pertaining to his Proposed Allocation to be tabled at the forthcoming EGM of our Company.

The shareholding of Erick Hamburger Barraza as at the LPD is set out below:

Name	Shareholding as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Erick Hamburger Barraza	150,000	0.01	-	-

8. ESTIMATED TIME FRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to the receipt of all required approvals, the Proposed ESOS is expected to be implemented by the 4th quarter of 2023.

The tentative timetable for the implementation of the Proposed ESOS is set out below:

Date/Month	Events
11 December 2023	<ul style="list-style-type: none">Convening of EGM to obtain the approval from our shareholders for the Proposed ESOS and the Proposed Allocation.
Mid December 2023	<ul style="list-style-type: none">Announcement made on the Effective Date of the implementation of the ESOS.

9. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed ESOS, there is no corporate exercise which has been announced by our Company but pending completion as at the date of this Circular.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for Erick Hamburger Barraza who has abstained from forming any opinion and making any recommendations relating to his Proposed Allocation), after considering all aspects of the Proposed ESOS and the Proposed Allocation, including the rationale and justification for the Proposed ESOS as well as the effects of the Proposed ESOS, is of the opinion that the Proposed ESOS and the Proposed Allocation are in the best interest of our Company.

Accordingly, our Board (save for Erick Hamburger Barraza who has abstained from forming any opinion and making any recommendations relating to his Proposed Allocation) recommends that you **vote in favour** of the ordinary resolutions pertaining to the Proposed ESOS and the Proposed Allocation to be tabled at the forthcoming EGM.

11. EGM

The forthcoming EGM will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIH Online provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC: D1A282781) on Monday, 11 December 2023 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed ESOS and the Proposed Allocation.

The Notice of the EGM and Proxy Form are enclosed in this Circular and can be downloaded from our Company's website at <https://ctosdigital.com/investor-relations/shareholdersmeeting/> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate, speak (in the form of real time submission of typed texts) and vote remotely at the EGM is entitled to appoint not more than 2 proxies to participate, speak and vote remotely on his/her behalf. If you decide to appoint a proxy(ies) to participate on your behalf at the EGM, please complete and lodge the Proxy Form in hard copy form or by electronic means in the following manner and the Proxy Form must be received by our Share Registrar not less than 48 hours before the time appointed for holding the EGM:

(i) In hard copy form

The Proxy Form must be deposited at our Share Registrar's office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia.

(ii) By electronic means via online

The Proxy Form must be electronically lodged with our Share Registrar via TIIH Online at <https://tiih.online> or <https://tiih.com.my>. Please refer to the Procedures for Electronic Submission of the Proxy Form in the Administrative Guide for the EGM.

For option (ii), our Company may request you to deposit the original executed Proxy Form to our Share Registrar's office before or on the day of the EGM for verification purpose.

The lodging of the relevant Proxy Form will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

12. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

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

DATO' NOORAZMAN BIN ABD AZIZ
Chairman/Independent Non-Executive Director

DRAFT BY-LAWS

**CTOS DIGITAL BERHAD (Registration No. 201401025733 (1101823-A)) (“CTOS” or “Company”)
BY-LAWS OF THE EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”)**

This ESOS will be called the “CTOS Employees’ Share Option Scheme” (“**CTOS ESOS**”).

1. DEFINITIONS AND INTERPRETATIONS

In this Scheme, the words herein shall bear the following meanings namely:

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof.
“Adviser”	:	A recognised principal adviser that fulfils the requirements set out under Chapter 7A of the Licensing Handbook issued by the Securities Commission Malaysia and as amended from time to time.
“Auditor”	:	An external auditor of the Company for the time being or such other external auditor who is registered as a registered auditor with the Audit Oversight Board of the Securities Commission Malaysia.
“Available Balance”	:	Unissued share capital of the Company which is available for Offer subject to the Maximum Limit and after deducting all Shares under the Options which have been granted.
“Board”	:	The Board of Directors of the Company for the time being.
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad.
“By-Laws”	:	The terms and conditions of the Scheme as amended, modified and/or supplemented from time to time.
“CDS Account”	:	A Central Depository System account opened with Bursa Depository for the recording of deposit of securities and for dealing in such securities by a depositor, being a holder of a CDS Account.
“Company” or “CTOS”	:	Means CTOS Digital Berhad , a public company limited by shares and incorporated in Malaysia under the Act.
“Constitution”	:	Means the constitution of the Company.
“Date of Expiry”	:	The last day of the Duration of the Scheme pursuant to By-Law 20.1 hereof unless earlier terminated pursuant to By-Law 20.6. If the Date of Expiry is not a Market Day, then the stipulated day shall be taken to be the preceding Market Day.
“Date of Offer”	:	The date on which an Offer is made by the ESOS Committee in writing to any Eligible Person to participate in the Scheme.
“Director(s)”	:	Means a natural person who holds a directorship in CTOS and shall have the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements.

DRAFT BY-LAWS (CONT'D)

“Duration of the Scheme”	:	Period of six (6) years from the Effective Date subject to any early termination in accordance with By-Laws 20.6 and 20.7.
“Effective Date”	:	The date on which the Scheme comes into force as provided in By-Law 20.2.
“Eligible Companies”	:	The Company and its Eligible Subsidiaries.
“Eligible Persons”	:	Executive Directors or Employees who meet the criteria of eligibility for participation in the Scheme as set out in By-Law 4.
“Eligible Subsidiaries”	:	Subsidiaries within the Group which are eligible to participate in the Scheme as determined by the ESOS Committee but excluding dormant subsidiaries, if any.
“Employee(s)”	:	A natural person who is employed by and on the payroll of any of the Eligible Companies.
“Entitlement Date”	:	The date as at the close of business at 5.00 p.m. on which the names of the shareholders of CTOS must appear in the record of depositors maintained with Bursa Depository in order to be entitled to participate in any right, dividend, allotment and/or other forms of distribution.
“ESOS” or “Scheme” or “CTOS ESOS”	:	The employees’ share option scheme for the benefit of the Eligible Persons to subscribe for new Shares at the Exercise Price according to the terms of these By-Laws.
“ESOS Committee”	:	The committee appointed and duly authorised by the Board to administer the Scheme.
“Executive Director”	:	Any executive director of the Group (excluding dormant subsidiaries, if any) whom, on the date of the Offer Letter, is on the payroll of the Eligible Companies and is involved in the day-to-day management of the Eligible Companies.
“Exercise Price”	:	The price at which the Grantee, who has been allotted with the Options, shall be entitled to subscribe for new Shares as set out in By-Law 8.
“Grantee”	:	A Selected Eligible Person who has accepted the Offer by the ESOS Committee in accordance with the provisions of By-Law 7.
“Group” or “CTOS Group”	:	Means the Company and its subsidiaries (excluding dormant subsidiaries, if any).
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities, as amended from time to time.
“Market Day”	:	A day on which Bursa Securities is open for trading in securities, which may include a Surprise Holiday.
“Maximum Allowable Allocation”	:	The maximum number of new Shares that can be offered and allotted to a Selected Eligible Person to be determined by the ESOS Committee in accordance with the provisions of By-Law 5.

DRAFT BY-LAWS (CONT'D)

“Maximum Limit”	:	One percent (1%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the Duration of the Scheme.
“Offer”	:	An offer made in writing by the ESOS Committee for the Options in accordance with the provisions or in the manner indicated in By-Law 6 to an Eligible Person.
“Offer Letter”	:	The written offer letter issued by the ESOS Committee to a Selected Eligible Person to participate in the Scheme as set out in By-Law 6.4.
“Options”	:	The right of a Grantee to subscribe for Shares at the Exercise Price pursuant to the contract constituted by acceptance in the manner indicated in By-Law 7 of any Offer made in accordance with the terms of the Scheme and where the context so requires, means any part of the Options as shall remain unexercised.
“Option Period”	:	A period commencing from the date of the Offer is accepted in accordance with By-Law 7 and expiring on the last day of the Option Period as specified in the Offer Letter or such other date which the ESOS Committee may in its discretion decide, subject always to any early termination in accordance with the provisions of By-Law 18, provided that no Option Period shall extend beyond the Duration of the Scheme referred to in By-Law 20 hereof.
“Person Connected”	:	Has the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements.
“Selected Employee”	:	An Eligible Person who has been selected by the ESOS Committee and to whom an Offer has been made by the ESOS Committee in accordance with the terms of the Scheme.
“Senior Management”	:	Any Employee of the Group who falls within the grading of senior management as determined by the ESOS Committee from time to time.
“Shares” or “CTOS Shares”	:	Ordinary shares in the Company.
“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.
“Vesting Conditions”	:	The conditions which are required to be fulfilled by an Eligible Person before the Option(s) is/are capable of being vested on to the Eligible Person, to be communicated in an Offer pursuant to By-Law 6.4(f).

In these By-Laws:

- (i) Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities (whether or not having the force of law) but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities.

DRAFT BY-LAWS (CONT'D)

- (ii) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced.
- (iii) Words denoting the masculine gender shall include the feminine gender and vice-versa, and the singular includes the plural and vice-versa.
- (iv) The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- (v) Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised at the ESOS Committee's discretion.
- (vi) If an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day PROVIDED ALWAYS if such date shall fall beyond the Duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day.
- (vii) In the event of any change in the name of the Company from its present name, all references to "CTOS Digital Berhad" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

2. OBJECTIVE AND ADMINISTRATION OF THE CTOS ESOS

- 2.1 The CTOS ESOS is a share incentive scheme. The purpose of the CTOS ESOS is to align the interests of the Executive Directors and Employees who meet the criteria of eligibility for participation in the Scheme to the long-term corporate goals of the Group. The CTOS ESOS will provide an opportunity for them to participate in the equity of the Company and help to achieve the objectives as set out below:
 - (a) to recognise and reward the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
 - (b) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
 - (c) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;
 - (d) to attract prospective employees with relevant skills and experience to the Group by making the total compensation package more competitive; and
 - (e) to retain and reward the Eligible Persons in the medium to long term by allowing them to participate in the Group's future growth and eventually realise any potential capital gains arising from possible appreciation in the value of the new CTOS Shares, upon exercising of the ESOS Options.
- 2.1 This Scheme shall be administered by the ESOS Committee comprising certain Non-Executive Directors and the Executive Director of the Company and/or other persons within the Group appointed and duly authorised from time to time by the Board. The Board shall have the discretion as it deems fit to rescind the appointment of any member of the ESOS Committee and may appoint replacement members to the ESOS Committee.

DRAFT BY-LAWS (CONT'D)

- 2.2 The Board shall have the power to determine all matters pertaining to the ESOS Committee, including without limitation setting the terms of reference for the ESOS Committee, composition, duties, powers and limitations. The Board is entitled at any time and from time to time to change the terms of reference of the ESOS Committee.
- 2.3 The ESOS Committee shall administer the Scheme in such manner as it shall in its discretion deems fit and within such powers and duties as are conferred upon it by the Board, subject to these By-Laws, including but not limited to the followings:
- (i) construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (ii) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

3. MAXIMUM NUMBER OF NEW CTOS SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Shares which may be made available under the Scheme shall not exceed in aggregate one percent (1%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time when the Offer is made or any limit prescribed by any guidelines, rules and regulations of Bursa Securities during the Duration of the Scheme.
- 3.2 Notwithstanding provision of By-Law 3.1 or any other provisions herein contained, in the event the maximum number of new Shares comprised in the Options (including Shares that have been issued under the Scheme) exceeds the aggregate of one percent (1%) Maximum Limit as a result of the Company purchasing its own Shares in accordance with the provisions of Section 127 of the Act or undertaking any other corporate proposals, thereby reducing its total number of issued shares, the Options granted prior to the adjustment of the total number of issued shares of the Company shall remain valid and exercisable in accordance with the provisions of these By-Laws. However, in such an event, the ESOS Committee shall not make any further Offer until such time that the number of Shares under the subsisting Options fall below one percent (1%) of the total number of issued shares (excluding treasury shares, if any) of the Company.
- 3.3 The Company will within the Duration of the Scheme keep available sufficient unissued Shares in the capital of the Company to satisfy all outstanding Options, which may be exercised in accordance with these By-Laws.
- 3.4 Each Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-Laws.

DRAFT BY-LAWS (CONT'D)

4. ELIGIBILITY

- 4.1 An Executive Director or Employee who fulfils the following criteria as at the Date of Offer shall be eligible for participation in the Scheme:
- (a) has attained eighteen (18) years of age;
 - (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) he/she has been confirmed in service on a full-time basis and has served at least one (1) year of employment in the Group (unless the ESOS Committee under certain circumstances and at its sole discretion reduces the period of one (1) year to a lesser period as it deems fit);
 - (d) where the Executive Director or Employee is under an employment contract, the contract is for a duration of at least two (2) years and shall have not expired within six (6) months from the Date of Offer (unless the ESOS Committee under certain circumstances and at its sole discretion reduces the period);
 - (e) where the Executive Director or Employee has attained the mandatory retirement age of sixty (60) years old, such Executive Director or employee shall have served for a continuous period of at least one (1) year in any corporation within the Group prior to attaining the said mandatory retirement age, and subsequently offered continued employment with such corporation for a minimum period of one (1) year and at the time of consideration for the Offer, he/she continues to be employed;
 - (f) in the event the director or employee of a corporation which is acquired by the Group during the Duration of the Scheme and such corporation becomes a subsidiary of the Company upon completion of such acquisition, the director or employee must have completed a continuous period of employment of at least one (1) year in the Group from the date of confirmation of employment (which for the avoidance of doubt, shall exclude any probation period) following the date that such corporation becomes or is deemed to be a subsidiary of the Company;
 - (g) he/she is an Executive Director or a Senior Management of the Group; and
 - (h) must have complied with any other criteria imposed by the ESOS Committee from time to time,

PROVIDED ALWAYS that the selection of any Eligible Person for participation in the Scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. Other eligibility and allocation criteria shall be determined by the Board after recommendation from the ESOS Committee.

- 4.2 The eligibility, however, does not confer on an Eligible Person a claim or right to participate or a right to claim in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Persons and the Eligible Person has accepted the Offer in accordance with these By-Laws.
- 4.3 For the avoidance of doubt, executive directors and employees of the holding company of the Company, if relevant, and associated companies of the Group, if any, shall not be entitled to participate in the Scheme.
- 4.4 Subject to the provisions of By-Law 23, no Eligible Person/Grantee shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the Group during the Duration of the Scheme.

DRAFT BY-LAWS (CONT'D)

5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES

- 5.1 Subject to any adjustments which may be made under By-Law 15, the aggregate number of new Shares that may be offered and allotted to any Eligible Persons under the Scheme shall be at the discretion of the ESOS Committee, after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority, length of service and fulfilment of the eligibility criteria under By-Law 4 of the Eligible Persons in the Group or such other matters which the ESOS Committee may in its sole discretion deems fit, subject to the following:
- (a) the Executive Directors and Senior Management of the Group shall not be allowed to participate in the deliberation or discussion of their own allocations of Options and/or allocations of Options to persons connected to them under the Scheme;
 - (b) any Offer, allocation of Options under the Scheme and the related allotment of Shares to any person who is an Executive Director or chief executive officer of the Company or Persons Connected to such Executive Director or chief executive officer shall require the prior approval of the shareholders of the Company in a general meeting. The foregoing persons and Persons Connected to them shall not vote on the resolution approving the said Offer, allocation and allotment.
 - (c) the aggregate number of Shares comprised in the Options made available under the Scheme shall not exceed the amount stipulated in By-Law 3.1, but the ESOS Committee shall not be obliged in any way to offer an Eligible Person an Option for all the specified maximum number of Shares;
 - (d) not more than ten percent (10%) of the Shares available under the Scheme at the point when the Offer is made shall be allocated to any individual Eligible Persons who, either singly or collectively through Persons Connected with such Eligible Persons holds twenty percent (20%) or more of CTOS Shares (excluding treasury shares, if any);
 - (e) at any one time during the Duration of the Scheme, all of the new Shares to be issued under the CTOS ESOS shall be allocated, in aggregate, to the Executive Directors and Senior Management of the Group (excluding dormant subsidiaries, if any) who are Eligible Persons;
 - (f) The ESOS Committee has the sole and absolute discretion in determining at a later date whether the ESOS Option will be granted in a single tranche or on a staggered basis (including any maximum allocation available for each financial year) during the duration of the Scheme; and
 - (g) that any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee. The ESOS Committee also has the sole and absolute discretion to determine at a later time whether the Options are subject to any vesting period and if so the Vesting Conditions, which may include, amongst others, the achievement of relevant service objectives and specific performance targets of the Eligible Person and/ or Group as measured by both qualitative and quantitative key performance indicators (as determined by the ESOS Committee) during the Duration of the Scheme.

DRAFT BY-LAWS (CONT'D)

- 5.2 A Grantee who is promoted during the tenure of the Scheme may be offered new additional Options under the Scheme at the discretion of the ESOS Committee up to the Maximum Allowable Allocation to be determined by the ESOS Committee for the category to which he has been promoted to. A Grantee who is demoted to a lower employment category for whatever reason shall only be entitled to the allocation of that lower category unless an Offer has been made and accepted by him before such demotion.
- 5.3 An Executive Director or Employee who, during the Duration of the Scheme, becomes an Eligible Person may be eligible to participate in the Scheme, the number of new Shares of which is to be decided by the ESOS Committee at its discretion subject to any Maximum Allowable Allocation for the category to be determined by the ESOS Committee. Any Selected Employee holding more than one (1) position in the Eligible Companies and thereby falling within more than one (1) category of Selected Employees in the Eligible Companies shall only be entitled to the Maximum Allowable Allocation of the higher category.
- 5.4 The allotment of Shares arising from By-Law 5.3 above shall be made from the balance of new Shares available under the Scheme including those from Offers and Options which have lapsed or terminated.
- 5.5 The allocation of Options pursuant to the Scheme shall be verified by the Audit Committee of the Company, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company.

6. OFFER

- 6.1 The ESOS Committee may at its discretion at any time and from time to time as it deems fit make an Offer to any Selected Employee whom the ESOS Committee may in its discretion select, to subscribe for new Shares, in accordance with the terms of the Scheme.
- 6.2 The actual number of new Shares which may be offered to a Selected Employee shall be at the discretion of the ESOS Committee and shall not be less than one hundred (100) new Shares but no more than the Maximum Allowable Allocation and shall be in multiples of hundred (100) shares, subject always to the prevailing requirements of the relevant laws and regulations and/or Listing Requirements from time to time.
- Nothing herein shall prevent the ESOS Committee from making more than one (1) Offer during the Duration of the Scheme to each Selected Employee after the first Offer was made PROVIDED ALWAYS the aggregate Options offered to each Selected Employee (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Selected Employee at the time the subsequent Offer (if any) is made.
- 6.3 The ESOS Committee has the discretion not to make further additional Offers regardless of the amount of Available Balance.
- 6.4 The ESOS Committee will in its Offer Letter to a Selected Employee state, among others, the following information, if applicable:
- (a) the number of Options that are being offered;
 - (b) the number of new Shares that can be subscribed under the Offer;
 - (c) the Exercise Price determined in accordance with the provisions of By-Law 8;
 - (d) the closing date for acceptance of the Offer in accordance with By-Law 7.1;

DRAFT BY-LAWS (CONT'D)

- (e) Option Period;
 - (f) Vesting Conditions; including but not limited to service and/or performance criteria and number of Options exercisable for each year of continued service;
 - (g) the manner of exercise of the Options; and
 - (h) any other information deemed necessary by the ESOS Committee.
- 6.5 Such Offer is personal to the Selected Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any other manner whatsoever.
- 6.6 The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Employee or the Selected Employee ceasing to be employed by an Eligible Company for any reason whatsoever prior to the acceptance of the Offer by the Selected Employee in the manner set out in By-Law 7.
- 6.7 The Company shall keep and maintain at its expense, a register of Grantees and shall, as required under Section 129(1) of the Act and, enter in that register the names, addresses and the number of the identity card or the passport number or any other identification number and the nationality of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Date of Offer and the Exercise Price in accordance with Section 129(2) of the Act.
- 6.8 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the Options offered under the Scheme:
 - (a) Date of Offer;
 - (b) Exercise Price;
 - (c) number of Options offered;
 - (d) market price of CTOS Shares on the Date of Offer;
 - (e) number of Options offered to each Director, if any; and
 - (f) vesting period of the Options offered.
- 6.9 In the event of any error or omission on the part of the Company or the ESOS Committee in respect of the Offer, the ESOS Committee shall do all such things and acts to rectify such error or omission and if necessary, issue a supplemental Offer to amend or rectify the error or omission within such period as may be reasonable prior to the acceptance of the Offer by an Eligible Person.

7. ACCEPTANCE OF OFFER

- 7.1 An Offer made under By-Law 6, shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-to-case basis at its discretion and may be accepted within this prescribed period by the Selected Employee by written notice to the ESOS Committee in the form prescribed by the ESOS Committee, accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) only as consideration for the grant of the Option.
- 7.2 If the Offer is not accepted in the manner aforesaid, such Offer shall, upon the expiry of the aforesaid period, automatically lapse and thereafter be null and void and of no further effect, and the CTOS Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

DRAFT BY-LAWS (CONT'D)

- 7.3 Within thirty (30) days of the date of acceptance of an Offer or such longer period as may be determined by the ESOS Committee, the ESOS Committee shall issue to each of the Grantees, a certificate ("**Option Certificate**") in such form as may be determined by the ESOS Committee, for all valid acceptances of the Offer in accordance with the provisions of this By-Law.

8. EXERCISE PRICE

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be determined by the ESOS Committee and in any case, shall be based on the five (5)-day weighted average market price of CTOS Shares, as quoted on Bursa Securities, immediately preceding the Date of Offer of the Options, with a discount, if any, PROVIDED ALWAYS that the discount shall not exceed ten percent (10%) of the market price of CTOS Shares.

The Exercise Price as determined in the manner set out above shall be conclusive and binding on the Grantee.

9. NON-ASSIGNABLE

An Option is personal to the Grantee. Save and except as provided in By-Law 18.5, an Option shall be non-assignable and non-transferable.

10. EXERCISE OF OPTION

- 10.1 An Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 19, may be exercised by the Grantee,
- (a) during his lifetime;
 - (b) whilst he is in the employment of the Group; and
 - (c) within the Option Period,
- in full or in part on such time and working days as the ESOS Committee may notify the Grantee from time to time.
- 10.2 The ESOS Committee may, pursuant to By-Law 16, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new CTOS Shares and/or such percentage of total new CTOS Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.
- 10.3 The Grantee shall notify the Company in writing of his intention to exercise an Option in such form as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to the Offer Letter. Every Notice of Exercise shall state the number of new Shares the Grantee intends to subscribe and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof and the Option Certificate which is the prima facie proof of a Grantee's entitlement to the Options set out therein.
- 10.4 Any partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance of the Shares of his entitlement under the Scheme (if any) prior to the expiry of the Grantee's employment contract or prior to the expiry of the Option Period, whichever is the earlier.

DRAFT BY-LAWS (CONT'D)

- 10.5 When an Option is exercised only in part, a new Option Certificate for the balance of the Options not exercised shall be issued accordingly by the ESOS Committee to the Grantee within thirty (30) Days after receipt by the Company of notice of the partial exercise together with the requisite remittance as required by By-Law 10.3.
- 10.6 An Option may be exercised in respect of such lesser number of new Shares as the Grantee may decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) new Shares save and except that in the event a Grantee's balance of new Shares exercisable under the option is less than one hundred (100), the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Shares, if any, which he is entitled to subscribe under the Offer.
- 10.7 The Grantee shall state his CDS Account number in the Notice of Exercise and the Company shall within eight (8) Market Days after the receipt of the valid Notice of Exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities:
- (a) issue and/or allot the relevant number of Shares to the Grantee;
 - (b) deliver a notice of allotment to the Grantee; and
 - (c) make an application for the quotation of such number of Shares.
- No physical share certificates will be delivered to the Grantee.
- 10.8 The ESOS Committee shall have the discretion to reject any incomplete or inaccurate Notice of Exercise. The ESOS Committee shall inform the Grantee of the rejection by notice in writing within fourteen (14) days from the date of rejection and the Grantee shall then be deemed not to have exercised his Options.
- 10.9 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right in its discretion by notice in writing to that effect:
- (i) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his Option. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of the Option having regard to the nature of the contravention PROVIDED ALWAYS that in the event such contravention would result in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
 - (ii) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee PROVIDED ALWAYS that:
 - (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his Option;

DRAFT BY-LAWS (CONT'D)

- (b) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately cease without notice and become null and void, upon the pronouncement of such dismissal or termination of service of such Grantee; or
- (c) in the event such Grantee is found guilty but is not dismissed or termination of service is not recommended, the ESOS Committee shall have the right to determine in its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, upon such exercise.

11. RIGHTS OF A GRANTEE

- 11.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 11.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

12. RIGHTS ATTACHING TO THE NEW CTOS SHARES

The new CTOS Shares to be issued and allotted and pursuant to the exercise of the Option shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing Shares of the Company, save and except that the new Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution, which may be declared, made or paid, of which the Entitlement Date is prior to the date of allotment and issuance of the new Shares. The new Shares will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission or otherwise.

13. RETENTION PERIOD

The Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer.

14. LISTING OF AND QUOTATION FOR THE NEW SHARES

- 14.1 The Company shall make an application to Bursa Depository within eight (8) Market Days after the receipt of notice of exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities, for the quotation of such new CTOS Shares and use its best endeavours to obtain such approval.
- 14.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and howsoever relating to the delay on the part of the Company in issuing and allotting Shares or in procuring Bursa Depository for the quotation of the Shares for which the Grantee is entitled to subscribe.

DRAFT BY-LAWS (CONT'D)

15. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

15.1 Subject to By-Law 15.3, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:

- (i) the number of Options granted to each Grantee (excluding Options already exercised);
- (ii) the Exercise Price; and
- (iii) the number of Options and/or Exercise Price comprised in an offer which is open for acceptance (but has yet to be accepted in accordance with the terms and conditions of the Offer and the ESOS),

as shall be necessary to give a Grantee, the same proportion of the issued share capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment (i.e not taking into account Options already exercised).

The computation for the adjustment to the number of Options granted to each Grantee and/or the Exercise Price is set out in Appendix A to these By-Laws.

15.2 By-Law 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (i) an issue of Shares upon the exercise of Options or future Options to Eligible Persons pursuant to the Scheme;
- (ii) an issue of Shares arising from the conversion of securities with a right of conversion into Shares;
- (iii) an issue of securities as consideration or part consideration for an acquisition;
- (iv) an issue of securities as a private placement or restricted issue;
- (v) an issue of securities as a special issue approved by the relevant governmental authorities;
- (vi) a share buy-back by the Company and the cancellation of all or a portion of the Shares pursuant to Section 127 of the Act; or
- (vii) any issue of Shares by the Company pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.

The following provisions shall be applicable in relation to a share buy-back by the Company under By-Law 15.2 (vi) above:

- (a) if the number of Shares in respect of the Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such Shares is greater than one percent (1%) of the total number of issued shares of the Company (excluding treasury shares, if any) after such designation or cancellation, the ESOS Committee shall not make any further Offers; and

DRAFT BY-LAWS (CONT'D)

- (b) if the number of Shares in respect of the Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such Shares is less than one percent (1%) of the total number of issued shares of the Company (excluding treasury shares, if any) after such designation or cancellation, the ESOS Committee may grant further Offers only until the total number of Options granted by the Company is equivalent to one percent (1%) of the total number of issued shares of the Company (excluding treasury shares, if any) after such designation or cancellation.
- 15.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of Chapter III of the Act, By-Law 15.1 shall be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 15.1 is applicable, provided that By-Law 15.1 shall not be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 15.2 is applicable.
- 15.4 An adjustment pursuant to By-Law 15.1 shall be made at the following times:
 - (i) in the case of a rights issue, bonus issue or other capitalisation issue on the Market Day immediately following the date of entitlement in respect of such issue; or
 - (ii) in the case of a consolidation or subdivision of Shares or capital reduction or any other variation of capital, on the Market Day immediately following the date of entitlement/effective date in respect of such consolidation, subdivision or reduction.

Upon any adjustment being made, the ESOS Committee shall within fifteen (15) Market Days from the adjustment date give notice in writing to the Grantee or his legal or personal representatives where the Grantee is deceased, of the adjustment and the event giving rise thereto.
- 15.5 In the event of a fraction of a Share arising from the adjustments referred to in this By-Law would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number.
- 15.6 All adjustments, other than on a bonus issue, subdivision or consolidation of shares must be confirmed in writing by an Auditor of the Company or the Adviser of CTOS or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a copy of the certificate from an Auditor or such other persons as allowed by Bursa Securities to the effect that in the opinion of such auditor or persons, acting as an expert and not as an arbitrator, an adjustment is fair and reasonable, either generally or as regards such Grantee, and such certification shall be final and binding on all parties.
- 15.7 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price and/or the number of Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

DRAFT BY-LAWS (CONT'D)

16. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

16.1 Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletion of these By-Laws as it shall in its discretion thinks fit and the Board shall have the power by resolution to add, amend or delete all or any of these By-Laws upon such recommendation PROVIDED THAT no additions or amendments to or deletion of these By-Laws shall be made which will:

- (a) prejudice any rights then accrued to the Grantee of the Company without his prior consent or sanction of that Grantee;
- (b) increase the number of CTOS Shares available under the Scheme beyond the maximum imposed by the Maximum Allowable Allocation; or
- (c) alter to the advantage to any Eligible Persons in respect of any matters which are required to be contained in these By-Laws by virtue of Appendix 6E of the Listing Requirements,

without the prior approval of the Company's shareholders in a general meeting unless allowed by the provision of the Listing Requirements.

16.2 The Company shall be required to submit to Bursa Securities, each time a modification or change is made, a confirmation letter that the modification or change does not contravene any of the relevant provisions of the Listing Requirements on employee share options scheme and the Rules of Bursa Depository no later than five (5) Market Days after the effective date of such amendment and/or modification.

16.3 The ESOS Committee shall within reasonable time furnish a written notification to all Grantees and the Company shall make all necessary announcements to Bursa Securities in respect of such amendments and/or modifications.

16.4 Any amendments/modifications to the By-Laws shall not contravene any of the provisions of the guidelines on the employees' share option scheme as stipulated under the Listing Requirements and/or any other relevant regulatory authority in relation to the ESOS.

17. TAKE-OVER AND MERGERS

Notwithstanding By-Law 10 and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities, in the event of:

17.1 a take-over offer being made for the Company, under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, to acquire the Shares of the Company (or such part thereof not at the time held by person making the take-over offer) ("**Offeror**") or any persons acting in concert with the Offeror) any unexercised Options shall remain in force and be exercisable until the expiry of the Option Period applicable thereto; and

17.2 the Offeror becoming entitled or bound to exercise the rights of compulsory acquisition of the new CTOS Shares under the provisions of the Capital Markets and Services Act 2007 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("**Specific Date**"), the Option shall remain exercisable by the Grantee until the expiry of the Specific Date.

DRAFT BY-LAWS (CONT'D)

In the foregoing circumstance, if the Grantee fails to exercise his Option or elects to exercise only in respect of a portion of such Shares by the Specific Date, then the Option, or as the case may be, the Option in relation to such balance Shares, shall automatically lapse after the Specific Date and be null and void.

18. TERMINATION OF OPTIONS

- 18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the full exercise of an Option or part thereof, such Option or the balance thereof, as the case may be, shall cease immediately unless otherwise determined by the ESOS Committee in its sole discretion.
- 18.2 The ESOS Committee may in its discretion, allow any unvested Options to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if such cessation occurs by reason of:
- (i) his retirement at or after attaining normal retirement age under the Group's retirement policy;
 - (ii) retirement before the normal retirement age (with the consent of the ESOS Committee);
 - (iii) ill-health, injury or physical or mental disability;
 - (iv) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group; or
 - (v) any other reasons which are acceptable to the ESOS Committee.
- 18.3 If a Grantee ceases his employment or appointment with an Eligible Company by reason of his resignation or for reasons other than those stated in By-Law 18.2, his remaining unexercised Options, shall cease with immediate effect on the date of such cessation. For the avoidance of doubt, the date of termination of employment of the Grantee or tender by the Grantee of his resignation, shall be deemed to be the date on which a Grantee ceases his employment or appointment with such Eligible Company unless approval was given by the ESOS Committee to extend the Options for a predefined period of time or before the expiration of the Options, whichever is earlier.
- 18.4 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.
- 18.5 (i) In the event where a Grantee dies before the expiration of the Option Period and at the time of his death holds unexercised Options, such Options shall cease immediately on the date of his death without any claim against the Company PROVIDED ALWAYS that subject to the written approval of the ESOS Committee in its discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death within the Option Period and not later than the Option Period.

DRAFT BY-LAWS (CONT'D)

- (ii) Notwithstanding By-Law 18.5(i), the Grantee may, during his lifetime, nominate any of his immediate family members who have attained the age of eighteen (18) years at the time of nomination to exercise the Option or Options (which are unexercised at the time of the death of the deceased Grantee) after the death of the deceased Grantee but in any event during the Option Period. The Options exercised pursuant to the provision of this By-Law 18.5(ii) may be for the benefit of the estate of the Grantee or for the personal benefit of the nominated person. The nomination as aforesaid shall be made by the Grantee during his lifetime and shall be in the prescribed form approved by the ESOS Committee and the Shares to be allotted and issued will be in the name of the deceased Grantee's estate or in the name of the nominated person as the Grantee shall elect in his lifetime. In the event no nomination is made by the Grantee during his lifetime, his unexercised Options shall only be exercised by his legal personal representatives pursuant to By-Law 18.5(i) above.
- (iii) For the purposes of By-Law 18.5(ii) above, the term "immediate family members" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the Grantee.

18.6 Any Options which have been offered by the ESOS Committee but have not been accepted in the manner prescribed in By-Law 7.1 arising from an Eligible Person's death or the cessation or termination of his employment with an Eligible Company, as the case may be, shall become null and void and of no further force and effect.

19. WINDING UP

In the event of a members' winding-up and a resolution is passed for the winding-up or liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the members' resolution for such winding-up or liquidation of the Company.

In the event a petition is presented in Court for the winding-up or liquidation of the Company, all rights to exercise the Options shall automatically be suspended from the date of the presentation of the petition. If a court order winding-up the Company pursuant to the petition for winding-up is made, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the court order. Conversely, if the petition for winding-up is dismissed in Court, the right to exercise the Options shall accordingly be unsuspended.

20. DURATION & TERMINATION OF THE SCHEME

20.1 The Scheme shall be in force for a period of six (6) years commencing from the Effective Date of the implementation of the Scheme.

20.2 The Effective Date shall be the date of full compliance with the last of all the requirements as follows:

- (i) the submission to Bursa Securities of the final copy of these By-Laws together with a letter of compliance issued pursuant to Paragraph 2.12 of the Listing Requirements confirming compliance with Paragraph 6.42 and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (ii) receipt of approval for the listing of the new CTOS Shares to be issued under the Scheme from Bursa Securities;
- (iii) procurement of shareholders' approval for the Scheme;

DRAFT BY-LAWS (CONT'D)

- (iv) receipt of approval of any other relevant authorities, where applicable; and
 - (v) fulfilment of all conditions attached to the above approvals, if any.
- 20.3 The Adviser of the Company will be required to submit a confirmation letter to Bursa Securities of full compliance of By-Law 20.2 and state the Effective Date together with a certified true copy of the relevant resolution passed by the shareholders of the Company in a general meeting. The submission of the confirmation letter must be made no later than five (5) Market Days after the Effective Date.
- 20.4 Offers can only be made during the Duration of the Scheme before the Date of Expiry, which date shall be at the end of the six (6) years from the Effective Date. The ESOS shall not be extended.
- 20.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse at 5.00pm on the Date of Expiry.
- 20.6 Subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities, the Company may at any time before the Date of Expiry, at its sole discretion without obtaining the approvals or consents from the Grantees and/or the shareholders, terminate the continuation of this Scheme by way of passing a board resolution and no further Offers shall be made by the ESOS Committee. All Offers outstanding but not yet accepted by the Selected Employees at the date of the said board resolution shall automatically lapse or cease to have effect as at the date of the board resolution and the Options yet to be exercised shall automatically lapse or cease to have effect.
- 20.7 The Company shall immediately upon the termination of the Scheme before the Date of Expiry announce to Bursa Securities:
 - (a) the effective date of termination;
 - (b) the number of options exercised or shares vested; and
 - (c) the reasons for termination.
- 20.8 Subject to the relevant approvals being obtained, the Company may implement a new employees' share option scheme after the expiration or termination of the Scheme pursuant to By-Law 20.6.

21. DISPUTES/DIFFERENCES

In the case of any dispute or difference that may arise between the ESOS Committee and Grantee as to any provisions contained in the By-Laws, the ESOS Committee shall determine such dispute or difference by a written decision given to the Eligible Person.

In the event the Grantee shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the ESOS Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

DRAFT BY-LAWS (CONT'D)

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the issuance and allotment of new Shares pursuant to the exercise of any Option shall be borne by the Company. The Grantee shall bear the fees, costs and any taxes (including income tax) and stamp duty, if any, arising from the exercise of any Options under the Scheme (including all brokerage fees, commission and such other incidental costs arising from the sale of the shares).

23. TRANSFERS FROM OTHER COMPANIES TO CTOS GROUP

In the event:

- (i) an Executive Director or Employee who was employed in a company which is related to the Company pursuant to Section 7 of the Act, (that is to say, a company which does not fall within the definition of "the Group") and is subsequently transferred from such company to an Eligible Company; or
- (ii) an Executive Director or Employee who was in the employment of a company which subsequently becomes an Eligible Company as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in sub-clause (i) above:

(The first mentioned company in By-Laws 23.1(i) and 23.1(ii) above are hereinafter referred to as the "**Previous Company**"), such Executive Director or Employee of the Previous Company (the "**Affected Employee**" or "**Affected Executive Director**") shall, if the Affected Employee or Affected Executive Director satisfies all the conditions of the By-Laws hereunder, be eligible to participate in the Scheme on the following conditions:

- (a) the Affected Employee or Affected Executive Director shall be entitled to continue to exercise all such unexercised options which were granted to him under the employees' share option scheme (if any) in which he was participating (the "**Previous ESOS**") whilst the Affected Employee or Affected Executive Director was in the employment of the Previous Company in accordance with the By-Laws of such Previous ESOS but he shall not, upon such restructuring or divestment as the case may be, be eligible to participate for further options of such Previous ESOS;
- (b) the Affected Employee or Affected Executive Director shall only be eligible to participate in the Scheme for its remaining duration thereof; and
- (c) if the Affected Employee or Affected Executive Director has participated in the Previous ESOS, the number of Shares to be offered to such Affected Employee or Affected Executive Director under the Scheme shall be in the discretion of the ESOS Committee.

DRAFT BY-LAWS (CONT'D)

24. DIVESTMENT FROM THE CTOS GROUP

If a Grantee who was in the employment of a company in the Group which was subsequently divested wholly or in part, from the Group, resulting in such company no longer be a subsidiary of CTOS, then such Grantee:

- (a) will notwithstanding such divestment and subject to the provisions of By-Laws 10 and 18.3 be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a period of three (3) months from the date of such divestment and within the Option Period, failing which the right of such Executive Director or Employee to subscribe for the number of new Shares or any part thereof granted under such unexercised Options shall automatically lapse and be null and void and of no further force and effect; and
- (b) shall not be eligible to participate for further Offers under the Scheme.

In the event a Grantee was in the employment of a company in the CTOS Group and that the company was subsequently partially divested but remained as a subsidiary of CTOS pursuant to Section 4 of the Act, then such Grantee shall continue to be entitled to all his/her rights in relation to the unexercised Options and he/she shall be eligible for further participations of the Options under the ESOS.

25. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute and shall not in any way be construed as a term or condition of employment of an Eligible Person.

26. COMPENSATION

26.1 Notwithstanding any provisions of these By-Laws:

- (i) this Scheme shall not form part of any contract of employment between an Eligible Company of the Group and any Executive Directors or Employees of the Eligible Company or afford such Grantee any additional rights to compensation or damages in consequence of the termination of office or employment for any reason and the rights of any Grantee under the terms of his office and employment with the Eligible Company shall not be affected by his participation in the Scheme;
- (ii) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Eligible Company directly or indirectly or give rise to any cause of action at law or in equity against the Eligible Company or the Group; and
- (iii) a Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful or unfair dismissal or other breach of contracts or by way of compensation for loss of office.

26.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 16 or termination of the Scheme in accordance with By-law 20.

DRAFT BY-LAWS (CONT'D)

27. CONSTITUTION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Constitution of the Company, the provisions of the Constitution shall at all times prevail.

28. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All Grantees are entitled to inspect, during normal office hours from 9.30 a.m. to 4.30 p.m., Mondays to Fridays (except all public holidays declared in Malaysia) or as otherwise specified by the ESOS Committee, the latest audited financial statements of the Company at the registered office of the Company.

29. SUBSEQUENT EMPLOYEE'S SHARE OPTION SCHEME

29.1 Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new ESOS after the Date of Expiry or upon termination of this Scheme. Where this Scheme has been renewed (subject to By-Law 20), the new ESOS may be established upon expiry of the renewed Scheme, if any.

29.2 The Company may establish more than one (1) Scheme provided always that the aggregate number of Shares available under the ESOS does not exceed one per centum (1%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme as provided by By-Law 20.1.

30. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

31. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

32. GOVERNING LAW AND JURISDICTION

32.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with the By-Laws and terms of the Scheme, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

DRAFT BY-LAWS (CONT'D)

- 32.2 In order to facilitate the making of any Offer under this Scheme, the Board may provide for such special terms to the Eligible Person(s) who are employed by any corporation in the Group or is an Executive Director of any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect, unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

33. NOTICE

- 33.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the ESOS Committee.

- 33.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be delivered to its business address or any other address which may be notified in writing by the ESOS Committee from time to time.
- 33.3 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to the matter which may affect all the Eligible Employees or all the Grantee pursuant to the Scheme, the Company or the ESOS Committee may give such notice through an announcement to all employee of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon making such announcement, the notice to be made under By-Laws 33.1 shall be deemed to be sufficiently given, served or made to all affected Eligible Employee or Grantee.

DRAFT BY-LAWS (CONT'D)

APPENDIX A

(By-Law 15 – Alteration of Share Capital and Adjustment)

The Exercise Price and/or the number of Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the ESOS Committee and certified by the Auditor of the Company or such other persons allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the Adviser and/or the Auditor:

- (a) If and whenever a consolidation, subdivision (including bonus issue of new shares without capitalisation) or conversion of Shares occurs, the Exercise Price and/or the number of Options held by each Grantee shall be adjusted, calculated or determined in the following manner:

$$\text{New Exercise Price} = \left[\frac{A}{B} \right] \times S$$

$$\text{Adjusted number of Options} = T \times \left[\frac{B}{A} \right]$$

Where:

- A = the aggregate number of issued Shares immediately before such consolidation, subdivision or conversion;
- B = the aggregate number of new Shares immediately after such consolidation, subdivision or conversion;
- S = existing Exercise Price; and
- T = existing number of Options that remains unexercised.

Each such adjustment will be effective from the close of business on the Market Day following the date on which the consolidation, subdivision or conversion becomes effective or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares to shareholders by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{A}{A + B} \right]$$

Whilst the number of additional Options to be issued shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{A + B}{A} \right] - T$$

Where:

- A = the aggregate number of issued Shares immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of new Shares to be issued pursuant to any allotment to shareholders of the Company by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature);
- S = S as in By-Law 15(a) above; and

DRAFT BY-LAWS (CONT'D)

$T = T$ as in By-Law 15(a) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(c) If and whenever the Company shall make:

- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

then and in any such case, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{C - D}{C} \right]$$

and in any such case referred to in By-Law 15(c)(ii) above, the number of additional Options to be issued shall be calculated as follows:

$$\text{Number of additional Options} = T \times \left[\frac{C}{C - D^*} \right] - T$$

Where:

$S = S$ as in By-Law 15(a) above;

$T = T$ as in By-Law 15(a) above;

$C =$ the current market price (as defined in By-Law 15(h)) of each Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

$D =$

- (A) In the case of an offer or invitation to acquire or subscribe for the Shares under By-Law 15 (c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for the Shares under By-Laws 15 (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (B) In the case of any other transaction falling within By-Law 15(c) above, the fair market value, as determined (with the concurrence of the Auditor and/or Adviser of the Company), of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (A) of “D” above, the “value of rights attributable to one (1) Share” shall be calculated in accordance with the following formula:

$$\frac{C - E}{F + 1}$$

DRAFT BY-LAWS (CONT'D)

Where:

- C = C as in By-Law 15(c) above;
- E = the subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional Shares upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;
- F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into rights to acquire or subscribe for one (1) additional Share; and
- D* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of D* above, the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the following formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

- C = C as in By-Law 15(c) above;
- E* = the subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share; and
- F* = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 15(c) above, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling under By-Law 15(b) above) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature). Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of the Company as shown in the audited consolidated statement of comprehensive income of the Company.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 15(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Laws 15(c)(ii) or (c)(iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose for the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right]$$

DRAFT BY-LAWS (CONT'D)

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 15(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Laws 15(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose for the offer or invitation, the number of additional Options shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

- B = B in By-Law 15(b) above;
- C = C in By-Law 15(c) above;
- G = the aggregate number of issued Shares on the Entitlement Date;
- H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares, as the case may be;
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;
- I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- S = S as in By-Law 15(a) above; and
- T = T as in By-Law 15(a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 15(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 15(c)(iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose for the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \right]$$

and the number of additional Options shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

DRAFT BY-LAWS (CONT'D)

Where:

C	=	C as in By-Law 15(c) above;
G	=	G as in By-Law 15(d) above;
H	=	H as in By-Law 15(d) above;
H*	=	H* as in By-Law 15(d) above;
I	=	I as in By-Law 15(d) above;
I*	=	I* as in By-Law 15(d) above;
J	=	the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
K	=	the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share;
S	=	S as in By-Law 15(a) above; and
T	=	T as in By-Law 15(a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 15(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law 15(c)(iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C} \right]$$

and the number of additional Options shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

B	=	B as in By-Law 15(b) above;
C	=	C as in By-Law 15(c) above;
G	=	G as in By-Law 15(d) above;
H	=	H as in By-Law 15(d) above;
H*	=	H* as in By-Law 15(d) above;
I	=	I as in By-Law 15(d) above;
I*	=	I* as in By-Law 15(d) above;

DRAFT BY-LAWS (CONT'D)

- J = J as in By-Law 15(e) above;
- K = K as in By-Law 15(e) above;
- S = S as in By-Law 15(a) above; and
- T = T as in By-Law 15(a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under By-Laws 15(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per centum (90%) of the Average Price of a Share (as defined below) or, as the case may be, the price at which the Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determine, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \frac{L + M}{L + N}$$

Where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price of a Share (as defined below) (exclusive of expenses);
- N = the aggregate number of Shares which so issued or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights; and
- S = S as in By-Law 15(a) above.

For the purposes of By-Law 15(g) above, the "Total Effective Consideration" shall be determined by the Board with the concurrence of an Auditor of the Company and/or the Adviser and shall be:

- (i) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares;
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights,

DRAFT BY-LAWS (CONT'D)

in each case without any deduction of any commission, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 15(g) above, the Average Price of a Share shall be the average price of one (1) Share as derived from either the last transacted price or average transacted price for one (1) or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the next Market Day immediately following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the completion of the above transaction.

- (h) For the purpose of By-Laws 15(c), (d), (e) and (f) above, the current market price in relation to one (1) existing Share for any relevant day shall be the either the volume weighted average market price for the five (5) consecutive Market Days before such date or during such other period as many be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

The foregoing provisions on adjustment of the Exercise Price shall be subject to the following:

- (i) on any such adjustment, the resultant Exercise Price shall be rounded down to the nearest one (1) sen;
- (ii) no adjustment shall be made to the Exercise Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Options so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (iii) if an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 15.1 (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Directors of the Company and the Auditor of the Company may agree;
- (iv) if for any reason an event giving rise to an adjustment to the Exercise Price and/or the number of Options so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the Auditor of the Company may agree; and
- (v) in determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

If an event that is not set out in By-Laws 15(a) to (g) above occurs or if the application of any of the formulae to an event results in a manifest error, the ESOS Committee in its discretion, may agree to an adjustment subject to the provision of By-Law 15.1 provided that the Grantees shall be notified of the adjustment through an announcement to all Grantees to be made in such manner deemed appropriate by the ESOS Committee.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that, after making 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 herein false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

RHB Investment Bank, being the Principal Adviser to our Company for the Proposed ESOS, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Employees' Provident Fund Board ("**EPF**") is a common shareholder of CTOS and RHB Bank Berhad ("**RHB Bank**") (being the holding company of RHB Investment Bank). Nevertheless, EPF is not involved in the day-to-day operations of RHB Bank and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**").

RHB Banking Group forms a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of our Company and/or our affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person, hold long or short positions in the securities offered by our Company and/or our affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Company and/or our affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group had extended credit facilities amounting to RM172.12 million ("**Credit Facilities**") (with an amount of approximately RM150.12 million outstanding) to CTOS Group. The Credit Facilities represent approximately 0.60% of the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022. Further, the equity derivatives department of RHB Investment Bank ("**RHB EQD**") has issued 35 million units of call warrants which will expire on 28 November 2023 ("**Call Warrants**"). The issuance of the Call Warrants would expose RHB Investment Bank to the movements in our Share price. RHB Investment Bank has utilised and will continue to utilise the proceeds received from the issuance of the Call Warrants for hedging activities that include purchasing of CTOS Shares to mitigate RHB Investment Bank's risk exposure to the Call Warrants. As at the LPD, RHB Investment Bank has purchased CTOS Shares amounting to RM59,740 as part of its hedging activities.

ADDITIONAL INFORMATION (CONT'D)

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to our Company for the Proposed ESOS is mitigated by the following:

- (a) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to our Company for the Proposed ESOS is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to our Company for the Proposed ESOS;
- (b) the Credit Facilities were approved by RHB Banking Group in its ordinary course of business and approved by its relevant credit committee and granted on an arm's length basis. The Credit Facilities are not material when compared to the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022. Further, the issuance of and the hedging activities of the Call Warrants by RHB Investment Bank are made on an arm's length basis and the value of CTOS Shares purchased by RHB Investment Bank is not material when compared to our market capitalisation of approximately RM3.35 billion as at the LPD;
- (c) the hedging activities of RHB EQD are governed by internal limits to manage RHB Banking Group's overall exposure to a particular underlying security where, in this case, RHB EQD can only acquire up to RM30 million of CTOS Shares ("**Exposure Limit**"). Nevertheless, depending on the market condition and underlying value of CTOS Shares, RHB EQD may increase the Exposure Limit subject to the necessary approvals from the Chief Executive Officer of RHB Investment Bank, Group Investment Underwriting Committee and/or Board Credit Committee (depending on the amount). Hence, RHB Investment Bank's potential exposure to the movement in the price of CTOS Shares pursuant to the Call Warrants issued cannot be ascertained at this juncture.

In any event, based on the Exposure Limit, RHB Investment Bank may only acquire up to 0.90% of our market capitalisation computed as at the LPD, and RHB Banking Group is also governed by other regulatory requirements and its own internal control vis-à-vis exposures to a single counter party.
- (d) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (e) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed ESOS.

ADDITIONAL INFORMATION (CONT'D)

3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by our Group which may have a material impact on the financial results/position of our Group:

Capital commitments	RM'000
Contracted:	
• Property, plant and equipment	2,557
• Intangible assets	4,456
Total	<u>7,013</u>

4. CONTINGENT LIABILITIES

As at the LPD, there is no contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/position of our Group.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's Registered Office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia from Mondays to Fridays (except public holidays) during normal business hours from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) Constitution of our Company;
- (ii) audited consolidated financial statements of CTOS Group for the past 2 financial years up to the FYE 31 December 2022 and the latest unaudited consolidated financial statements of CTOS for the 9-month FPE 30 September 2023;
- (iii) draft By-Laws; and
- (iv) letter of consent and declaration of conflict of interest referred to in Section 2 above.



CTOS DIGITAL BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of CTOS Digital Berhad will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Monday, 11 December 2023 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR "SCHEME") OF UP TO 1% OF THE TOTAL NUMBER OF ISSUED SHARES OF CTOS DIGITAL BERHAD ("CTOS" OR THE "COMPANY") (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME ("PROPOSED ESOS")

"THAT subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board of Directors of CTOS ("**Board**") to establish the ESOS of up to 1% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the Scheme for the benefit of eligible executive directors and employees of the Company and its subsidiaries ("**CTOS Group**" or "**Group**") (excluding dormant subsidiaries, if any) who meet the eligibility criteria for participation in the Proposed ESOS ("**Eligible Persons**"), and the Board be and is hereby authorised to:

- (i) establish, appoint and authorise an ESOS committee ("**ESOS Committee**") to administer the Proposed ESOS for the benefit of the Eligible Persons, in accordance with the terms and conditions of the Proposed ESOS as may be modified, varied and/or amended from time to time ("**By-Laws**") as set out in Appendix I of the circular to shareholders dated 24 November 2023 in relation to the Proposed ESOS ("**Circular**"). The members of the ESOS Committee shall comprise certain Non-Executive Directors and the Executive Director of the Company and/or other persons within the Group appointed and duly authorised from time to time by the Board;
- (ii) allot and issue from time to time such number of new ordinary shares in the Company ("**CTOS Shares**" or "**Shares**") as may be required to be allotted and issued pursuant to the exercise of the options granted under the Proposed ESOS ("**ESOS Options**"), **PROVIDED THAT** the total number of new CTOS Shares to be issued under the Proposed ESOS shall not in aggregate exceed 1% of the total number of issued shares of CTOS (excluding treasury shares, if any) at any point in time during the duration of the Scheme **AND THAT** the new CTOS Shares to be allotted and issued upon the exercise of any ESOS Options will, upon allotment and issuance, rank equally in all respects with the then existing CTOS Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the date of allotment and issuance of such new CTOS Shares;
- (iii) do all things necessary and make such applications as may be necessary at the appropriate time or times to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the new CTOS Shares which may from time to time be allotted and issued arising from the exercise of the ESOS Options; and

- (iv) add, modify, vary and/or amend the By-Laws from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board **PROVIDED THAT** such additions, modifications, variations and/or amendments are effected in accordance with the provisions of the By-Laws relating to additions, modifications, variations and/or amendments, deeds or undertakings, to deliver and/or impose such terms and conditions and/or delegate part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the Proposed ESOS.

THAT pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 12(3) of the Constitution of the Company ("**Constitution**"), approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered any new CTOS Shares ranking equally to the existing issued CTOS Shares arising from any allotment and issuance of new CTOS Shares to the Eligible Persons pursuant to the Proposed ESOS;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute all such documents and enter into all such arrangements, agreements, deeds and/or undertakings with any parties as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed ESOS and terms of the By-Laws with full power to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Board may deem fit, necessary and/or expedient in the best interest of the Company.

AND THAT the draft By-Laws, as set out in Appendix I of the Circular, be and is hereby approved and adopted."

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF ESOS OPTIONS TO THE EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER OF CTOS ("PROPOSED ALLOCATION")

"THAT subject to the passing of the Ordinary Resolution 1 and the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any time throughout the duration of the Scheme, to offer and grant to Erick Hamburger Barraza, being the Executive Director and Group Chief Executive Officer of CTOS, ESOS Options to subscribe for new CTOS Shares under the Proposed ESOS, provided always that:

- (i) he must not participate in the deliberation and/or discussion of his own allocation;
- (ii) not more than 10% of the total number of new CTOS Shares to be issued under the Proposed ESOS would be allocated to him who, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company; and
- (iii) the allocation of ESOS Options to him shall be subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws, the Main Market Listing Requirements of Bursa Securities, or any prevailing guideline issued by Bursa Securities or any relevant authorities.

THAT at any one time during the duration of the Scheme, all of the total number of new CTOS Shares available under the Proposed ESOS shall be allocated, in aggregate, to the executive directors and senior management of CTOS Group (excluding dormant subsidiaries, if any).

THAT pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 12(3) of the Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered any new CTOS Shares ranking equally to the existing issued CTOS Shares arising from any allotment and issuance of new CTOS Shares to Erick Hamburger Barraza pursuant to the Proposed ESOS.

AND THAT the Board is also authorised to allot and issue the corresponding number of new CTOS Shares arising from the exercise of the ESOS Options that may be granted to him under the Proposed ESOS."

By Order of the Board

JOANNE TOH JOO ANN (SSM PC NO. 202008001119) (LS 0008574)
SAW HUI YING (SSM PC NO. 202108000465) (MAICSA 7065214)
Company Secretaries

Kuala Lumpur
24 November 2023

Notes:

1. The EGM will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781).

Shareholders are strongly advised to participate and vote remotely at the EGM through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company's Share Registrar, Tricor.

Please read these Notes carefully and follow the Procedures in the Administrative Guide for the EGM in order to participate remotely.

2. Only members whose names appear in the Record of Depositors on 4 December 2023 shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.
3. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
4. Where a member appoints 2 proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central) Depositories) Act 1991, he/she may appoint not more than 2 proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
8. The Proxy Form or other instruments of appointment must be deposited at the Company's Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia, or lodged electronically via TIIH Portal at <https://tiih.online> or <https://tiih.com.my> not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes:

Section 85(1) of the Act states that:

"Subject to the Constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 12(3) of the Constitution states that:

"12(3)(a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled."

12(3)(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

12(3)(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution."

In order for the Board to issue any new CTOS Shares without any pre-emptive rights, such pre-emptive rights must be waived. By approving the resolutions in relation to the Proposed ESOS which entail the allotment and issuance of new CTOS Shares (including the new CTOS Shares to be issued arising from the exercise of the ESOS Options) in the Company, the shareholders of the Company are waiving their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 12(3) of the Constitution to first be offered the CTOS Shares which, upon waiving the same, will result in a dilution to their shareholding percentage in the Company.

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CTOS DIGITAL BERHAD

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

ADMINISTRATIVE GUIDE FOR EXTRAORDINARY GENERAL MEETING ("EGM")

Date : Monday, 11 December 2023
Time : 10.00 a.m.
Online Meeting Platform : TIIH Online website at <https://tiih.online> or <https://tiih.com.my>
(Domain registration number with MYNIC: D1A282781)

MODE OF MEETING

- The EGM of CTOS Digital Berhad ("**CTOS**" or the "**Company**") will be conducted on a fully virtual manner through live streaming and online remote meeting platform provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my>.
- According to the Revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

REMOTE PARTICIPATION AND VOTING

- Members are to attend, speak (including posing questions to the Board of Directors of the Company ("**Board**") via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via Remote Participation and Voting ("**RPV**") facilities provided by Tricor via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my>.

PROCEDURES FOR RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the EGM using the RPV facilities:

Before the EGM Day

Procedures	Action
i. Register as a user with TIIH Online	<ul style="list-style-type: none">• Using your computer, access the TIIH Online website at https://tiih.online or https://tiih.com.my. Register as a user under "e-Services", select the "Sign Up" button followed by "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance.• Registration as a user will be approved within one (1) working day and you will be notified via email.• If you are already a user with TIIH Online, you are not required to register again. You will receive an email to notify you that remote participation is available for registration at TIIH Online.

Procedures	Action
ii. Submit your request to attend EGM remotely	<ul style="list-style-type: none"> Registration is open from Friday, 24 November 2023 until the day of the EGM on Monday, 11 December 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate in the EGM using the RPV facilities. Login with your user ID (i.e. email address) and password and select the corporate event: "(REGISTRATION) CTOS 2023 EGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an email to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 4 December 2023, the system will send you an email on or after Saturday, 9 December 2023 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIH Online and-registration for the RPV facilities).</i></p>

On the EGM Day

Procedures	Action
i. Login to TIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the EGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the EGM at 10.00 a.m. on Monday, 11 December 2023.
ii. Participate through live streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAM MEETING) CTOS 2023 EGM" to engage in the proceedings of the EGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be emailed to you at the earliest possible, after the EGM.
iii. Online remote voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Monday, 11 December 2023 until a time when the Chairman announces the end of the session. Select the corporate event: "(REMOTE VOTING) CTOS 2023 EGM" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the EGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of the EGM will indicate your presence at the virtual EGM.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the EGM day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or email to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

- Only members whose names appear on the Record of Depositors as at 4 December 2023 shall be eligible to attend, speak and vote at the EGM or appoint a proxy(ies) and/or the Chairman of the EGM to attend and vote on his/her behalf. A member can appoint the Chairman of the EGM as his/her proxy and indicate the voting instruction in the Proxy Form.
- If you wish to participate in the EGM yourself, please do not submit any Proxy Form for the EGM. You will not be allowed to participate in the EGM together with a proxy appointed by you.
- Accordingly, Proxy Form and/or documents relating to the appointment of proxy/corporate representative/attorney for the EGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Saturday, 9 December 2023 at 10.00 a.m.:

(i) In hard copy form:

By hand or post to the office of the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means via online:

All shareholders have the option to lodge the Proxy Forms electronically with the Company's Share Registrar via TIIH Online and the steps to be taken are summarised below:

Procedures	Action
i. <u>Steps for Individual Shareholders</u>	
Register as a User with TIIH Online	<ul style="list-style-type: none">• Using your computer, please access the TIIH Online website at https://tiih.online or https://tiih.com.my. Register as a user under "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.• If you are already a user with TIIH Online, you are not required to register again.

Procedures	Action
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of EGM by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "CTOS 2023 EGM – SUBMISSION OF PROXY FORM". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the Proxy Form for your record.
ii. <u>Steps for Corporation or Institutional Shareholders</u>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online or https://tiih.com.my. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button followed by "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the Company's Share Registrar if you need clarifications on the user registration.)</i></p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online or https://tiih.com.my. • Select the corporate event name: "CTOS 2023 EGM – SUBMISSION OF PROXY FORM". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event name: "CTOS 2023 EGM – SUBMISSION OF PROXY FORM". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

VOTING AT THE EGM

- The voting at the EGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor to conduct the online voting.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the EGM and submit your votes at any time from the commencement of the EGM at 10.00 a.m. on Monday, 11 December 2023. Kindly refer to Procedures for RPV Facilities provided above for guidance on how to vote remotely via TIIH Online.

DOOR GIFT OR FOOD VOUCHER

- There will be no door gifts or food vouchers for attending the EGM.

NO RECORDING OR PHOTOGRAPHY

- Unauthorised recording and photography are strictly prohibited at the EGM.

PRE-EGM SUBMISSION OF QUESTIONS TO THE BOARD

- The Board recognises that the EGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the EGM, shareholders may in advance, before the EGM, submit questions to the Board via Tricor's TIIH Online website at <https://tiih.online> or <https://tiih.com.my>, by selecting "**e-Services**" to login, post your questions and submit it electronically no later than Saturday, 9 December 2023 at 10.00 a.m. The Board will endeavor to address the questions received at the EGM.

ENQUIRY

- If you have any enquiry prior to the EGM, please call the Company's Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday, except on public holidays), or alternatively email to is.enquiry@my.tricorglobal.com.



CTOS DIGITAL BERHAD

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

PROXY FORM

No. of shares held	
CDS account no.	

I/ We _____ *NRIC/ Passport / Company No. _____
(FULL NAME IN BLOCK CAPITAL)

of _____
(FULL ADDRESS)

and telephone no./ email address _____ being *a member/ members

of CTOS Digital Berhad (201401025733 (1101823-A)) hereby appoint:

Full Name and Address (in Block Letters) (First Proxy)	NRIC No./ Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:		

*and/or

Full Name and Address (in Block Letters) (Second Proxy)	NRIC No./ Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:		

or failing *him/ her the Chairman of the Meeting as *my/ our proxy/ proxies to participate and vote for *me/ us on *my/ our behalf at the Extraordinary General Meeting ("EGM") of CTOS Digital Berhad ("Company") which will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIH Online provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Monday, 11 December 2023 at 10.00 a.m.

*My/ our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS	FOR	AGAINST
1 PROPOSED ESOS		
2 PROPOSED ALLOCATION		

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolutions or abstain from voting as the proxy thinks fit.

* Strike out whichever is not desired

Signature of Member(s)/ Common Seal _____

Date: _____

Notes:

- The EGM will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781).
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Please read these Notes carefully and follow the Procedures in the Administrative Guide for the EGM in order to participate remotely.
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- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
- Where a member appoints 2 proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central) Depositories) Act 1991, he/she may appoint not more than 2 proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
- The Proxy Form or other instruments of appointment must be deposited at the Company's Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia, or lodged electronically via TIH Portal at <https://tiih.online> or <https://tiih.com.my> not less than 48 hours before the time set for holding the meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

CTOS DIGITAL BERHAD
(Registration No. 201401025733 (1101823-A))

c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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