

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has perused this Circular prior to its issuance on a limited review basis pursuant to Paragraph 4.1(c) of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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CTOS DIGITAL BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE
("PROPOSED SHAREHOLDERS' MANDATE")**

The resolution in respect of the Proposed Shareholders' Mandate will be tabled at the 2024 Annual General Meeting ("2024 AGM") of CTOS Digital Berhad ("CTOS Digital" or "Company"), which 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 **Wednesday, 5 June 2024 at 9.30 a.m.**

The Notice of the 2024 AGM together with the Proxy Form are set out in the Annual Report of CTOS Digital for the financial year ended 31 December 2023.

You are entitled to attend and vote at the 2024 AGM of the Company or to appoint a proxy or proxies to attend, participate and vote on your behalf. The Proxy Form must be completed and deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the 2024 AGM or any adjournment thereof.

You can also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> or <https://tiih.com.my> before the proxy form lodgement cut-off time as mentioned below. For further information on the electronic lodgement of proxy form, kindly refer to the Administrative Guide for the 2024 AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Monday, 3 June 2024 at 9.30 a.m.

Date and time of 2024 AGM : Wednesday, 5 June 2024 at 9.30 a.m.

This Circular is dated 30 April 2024

DEFINITIONS

For the purposes of this Circular, except where the context otherwise requires, the following definitions shall apply:

Act	: Means the Companies Act, 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
AGM	: Means Annual General Meeting
ARC	: Means the Audit and Risk Committee of CTOS Digital
Board or Board of Directors	: Means Board of Directors of the Company
Bursa Depository	: Means Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
Bursa Securities	: Means Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Circular	: Means Circular to Shareholders in relation to Proposed Shareholders' Mandated dated 30 April 2024
CTOS Digital or the Company	: Means CTOS Digital Berhad (Registration No. 201401025733 (1101823-A))
CTOS Digital Group or Group	: Means collectively, CTOS Digital and its subsidiaries
CTOS Digital Shares(s)	: Means Ordinary share(s) in CTOS Digital
Constitution	: Means Constitution of CTOS Digital
Director	: Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive of CTOS Digital, its subsidiaries or its holding company
Interested Director	: Means a Director who is deemed to be a Related Party and is interested in the Proposed Shareholders' Mandate
Interested Major Shareholder	: Means a Major Shareholder who is deemed to be a Related Party and is interested in the Proposed Shareholders' Mandate
Interested Person Connected	: Means a Person Connected who is deemed to be a Related Party and is interested in the Proposed Shareholders' Mandate
Listing Requirements	: Means Main Market Listing Requirements of Bursa Securities and any amendments that may be made from time to time
LPD	: 9 April 2024, being the latest practicable date before printing of this Circular

DEFINITIONS

Major Shareholder	: Means a person who has an interest or interests in one or more voting shares in CTOS Digital and the number or aggregate number of those shares is 10% or more of the total number of voting shares in CTOS Digital; or 5% or more of the total number of voting shares in CTOS Digital where such person is the largest shareholder of CTOS Digital and includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a Major Shareholder of CTOS Digital or its subsidiary or holding company).
	For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
Multi FaceID	: Multi FaceID is a solution that identifies human face in an image and compares and matches the image to known faceprints. The technology is crucial for enhancing security measures, particularly in sectors like banking where identity verification is paramount.
N/A	: Means not applicable
NA	: Means net assets
NBV	: Means net book value
Person Connected	: Shall have the same meaning as provided in Paragraph 1.01 of the Listing Requirements
Proposed Shareholders’ Mandate	: Means the proposed shareholders’ mandate for the Company to enter into Recurrent Transactions of a revenue or trading nature with Related Party or Parties in the ordinary course of business which are necessary for CTOS Digital Group’s day-to-day operations
Related Party or Parties	: Means Director(s), major shareholder(s) or Person(s) Connected with such Director(s) or major shareholder(s)
RRPTs or Recurrent Transactions	Means recurrent related party transactions of a revenue or trading nature, which are necessary for day-to-day operations and in the ordinary course of business of CTOS Digital Group
RM and sen	: Means Ringgit Malaysia and sen respectively
Share Registrar	: Means Tricor Investor & Issuing House Services Sdn Bhd [Registration No. 197101000970 (11324-H)]

Subsidiaries of CTOS Digital

CTOS Data Systems Sdn Bhd or CDS	: CTOS Data Systems Sdn Bhd [Registration No. 199201016147 (247651-H)] (a wholly-owned subsidiary)
CTOS Basis Sdn Bhd or Basis	: CTOS Basis Sdn Bhd [Registration No. 199401030027 (315708-X)] (a wholly-owned subsidiary)
CTOS IDS Sdn Bhd or IDS	: CTOS IDS Sdn Bhd [Registration No. 200701013358 (771363-P)] (a wholly-owned subsidiary)

All references to “you” in this Circular are to the shareholders of the Company.

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 gender, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any legislation or guideline in this Circular is a reference to that legislation or guideline as amended or re-enacted from time to time.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

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CTOS Digital Berhad
(Registration No. 201401025733 (1101823-A))
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:
Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Date: 30 April 2024

Board of Directors:

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

To: The Shareholders of CTOS Digital

Dear Sir/Madam,

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

On 15 April 2024, the Company announced its intention to seek shareholders' approval for the Proposed Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements at the forthcoming AGM of the 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://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: D1A282781) on **Wednesday, 5 June 2024 at 9.30 a.m.** The notice of the 2024 AGM together with the Proxy Form is enclosed in the 2023 Annual Report despatched together with this Circular.

The purpose of this Circular is to provide you with information relating to the Proposed Shareholders' Mandate, which set out the recommendation by the Board and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09 and Practice Note 12 of the Listing Requirements, the Company proposes to seek a general mandate from you for the RRPTs subject to, *inter-alia*, the following:

- (a) the RRPTs are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to the Company with a share capital of RM60 million and above;
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
 - (ii) the percentage ratios of such RRPT is 1% or more,whichever is the higher;
- (c) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested Related Parties must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in our announcement.

Where your mandate has been procured pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements in relation to related party transactions will not apply.

2.2 Details of the Proposal

It is anticipated that in the normal course of business of the Group, Recurrent Transactions between CTOS Digital Group and the Related Parties are likely to occur at any time and with some degree of frequency. In this respect, the Board is seeking approval from the shareholders for the Proposed Shareholders' Mandate as it will allow the Group to enter into Recurrent Transactions referred to in Section 2.5 with the Related Parties, provided that such transactions are made at arms' length, undertaken by the Group on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of CTOS Digital.

2.3 Validity Period

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming AGM, shall take effect from the passing of the ordinary resolution to be proposed at the forthcoming AGM and will continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

2.4 Principal activities of our Group

The Company is principally involved in investment holding activities. The principal activities of the subsidiaries of CTOS Digital involved in the RRPT as at the LPD are as follows:

Name of Subsidiaries	Effective Equity Interest (%)	Principal Activities
CTOS Data Systems Sdn Bhd ("CDS")	100.00	Principally engaged in the credit reporting agency business and other Digital Software Related Services.
CTOS Basis Sdn Bhd ("Basis")	100.00	Principally engaged in the credit reporting agency business, focusing on comprehensive commercial credit reports.
CTOS IDS Sdn Bhd ("IDS")	100.00	Principally engaged in outsourcing and training services.

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2.5. Information of the RRPTs

It is anticipated that the Group would, in the ordinary course of business, enter into RRPTs with the Related Parties. The RRPTs that are contemplated under the Proposed Shareholders' Mandate comply with Paragraph 10.09(2) and relevant provisions under Practice Note 12 of the Listing Requirements. The details of the RRPTs are as follows:

No .	Transacting Related parties	Related Party and Nature of relationship	Transacting parties under CTOS Digital Group	Nature of transaction	Estimated value from the date of the forthcoming AGM to the next AGM RM'000
(a)	CIBI Holdings Pte Ltd ("CHPL")	Interested Major Shareholder <ul style="list-style-type: none"> Creador V L.P. ("Creador V")⁽²⁾ Interested Director <ul style="list-style-type: none"> Mr Wong Pau Min⁽¹⁾ 	CDS	Provision of consultancy services relating to credit bureau and data analytics by CDS to CHPL	700
(b)	Creador Sdn Bhd	Person Connected to Interested Director <ul style="list-style-type: none"> Creador Sdn Bhd ("Creador")⁽³⁾ Interested Directors <ul style="list-style-type: none"> Mr Loh Kok Leong⁽³⁾ Mr Wong Pau Min⁽³⁾ 	CDS	Provision of Credit Management Suite and Financial Surveillance & Compliance services by CDS to Creador	100

No .	Transacting Related parties	Related Party and Nature of relationship	Transacting parties under CTOS Digital Group	Nature of transaction	Estimated value from the date of the forthcoming AGM to the next AGM* RM'000
(d)	Creador Sdn Bhd	Person Connected to Interested Director <ul style="list-style-type: none"> Creador⁽³⁾ Interested Directors <ul style="list-style-type: none"> Mr Loh Kok Leong ⁽³⁾ Mr Wong Pau Min ⁽³⁾ 	Basis	Sale of Basis Credit Reports by Basis to Creador	150
(e)	CIBI Information Inc ("CIBI")	Interested major shareholders <ul style="list-style-type: none"> Creador V⁽²⁾ Interested Directors <ul style="list-style-type: none"> Mr Erick Hamburger Barraza⁽⁴⁾ 	CDS	Provision of services relating to Multi FaceID feature by CDS to CIBI. Provision of consultancy services relating to implementation of credit bureau software by CDS to CIBI	200 1,000
(f)	CIBI Information Inc ("CIBI")	Interested major shareholders <ul style="list-style-type: none"> Creador V⁽²⁾ Interested Directors <ul style="list-style-type: none"> Mr Erick Hamburger Barraza⁽⁴⁾ 	Basis	Sale of Basis Credit Reports by Basis to CIBI	10

No .	Transacting Related parties	Related Party and Nature of relationship	Transacting parties under CTOS Digital Group	Nature of transaction	Estimated value from the date of the forthcoming AGM to the next AGM* RM'000
(g)	CIBI Information Inc ("CIBI")	Interested major shareholders <ul style="list-style-type: none"> Creador V⁽²⁾ Interested Directors <ul style="list-style-type: none"> Mr Erick Hamburger Barraza⁽⁴⁾ 	Basis	Purchase of Business Reports by Basis from CIBI	150
(h)	CIBI Information Inc ("CIBI")	Interested major shareholders <ul style="list-style-type: none"> Creador V⁽²⁾ Interested Directors <ul style="list-style-type: none"> Mr Erick Hamburger Barraza⁽⁴⁾ 	IDS	Provision of Digital Footprint Services Report by IDS to CIBI	20

Notes:

- * The estimated aggregate value of the transactions from the date of the forthcoming 2024 AGM until the next AGM was arrived at after taking into consideration the Group's budgeted figures for the said period and the basis of estimates as disclosed in Section 2.6. The estimated values may vary and are subjected to changes.

The Company had on 22 September 2023 announced the RRPTs transacted from 1 January 2023 to 31 August 2023 where the aggregate transacted value amounted to RM4,059,000 with computed ratio at 1.0019% had exceeded the MMLR percentage ratio threshold of 1%. The percentage ratio for the RRPTs transacted from 1 September 2023 up to LPD is less than 1% and it is estimated that the percentage ratio for the RRPTs transacted from 1 September 2023 to the date of the forthcoming AGM will not exceed 5%.

- (1) *Mr Wong Pau Min was nominated by Creador V L.P. ("**Creador V**") as the directors of CHPL. Mr Wong Pau Min was nominated by CTOS Digital as the directors of CDS, BASIS and IDS. As such, Mr Wong Pau Min is deemed interested in the RRPT.*
- (2) *Creador V is the sole shareholder of CHPL and the ultimate shareholder of CIBI with a deemed interest of 90.0% equity in CIBI through CHPL. Creador V is also the indirect major shareholder of CDS, BASIS and IDS with a deemed interest of 19.625% equity in CTOS Digital through Jade Vine Sdn Bhd ("**Jade Vine**"). The remaining 10% equity interest in CIBI is held by a foundation established in the Philippines that is owned and managed by parties who are not related to CTOS Digital Group's Directors or major shareholder, or persons connected to them.*
- (3) *Mr Loh Kok Leong and Mr Wong Pau Min are under the employment of Creador and were nominated by Jade Vine as the directors of CTOS Digital, with Mr Wong Pau Min serving as the alternate director to Mr Loh Kok Leong. Mr Wong Pau Min was nominated by CTOS Digital as the directors of CDS, Basis and IDS. As such, Creador is a person connected to Mr Wong Pau Min and Mr Loh Kok Leong, and Mr Wong Pau Min and Mr Loh Kok Leong are hence deemed interested in the RRPT.*
- (4) *Mr Erick Hamburger Barraza, a director of CTOS Digital, CDS and Basis, was nominated by Creador V as a director of CIBI and hence is deemed interested in the RRPT.*

2.6 Basis of estimates

The estimated transaction values for the RRPTs referred to in Section 2.5 of this Circular are based on:

- (i) estimated prevailing prices, which are reasonably market-competitive; and
- (ii) the sums incurred or received over the past years for similar transactions.

The estimated transaction values were also projected based on the assumption that:

- (i) our Group's usual levels of transactions;
- (ii) our Group's projected business volume; and
- (iii) our current level of operations would be maintained,

from the date of our forthcoming AGM to our next AGM.

2.7 Threshold of authority

There are no specific thresholds for approval of RRPTs within our Group. All RRPTs are subject to the approval of the Board after being reviewed by ARC. Where any Director has any interest (direct or indirect) in any RRPTs, such Director shall abstain from deliberation and voting on the matter. If it is determined that the guidelines and/or procedures stipulated in Section 2.9 of this Circular are inadequate, the Board with ARC's recommendation will revise the guidelines and/or procedures to ensure that:

- (a) RRPTs will be conducted on an arms' length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
- (b) such transaction will not be detriment to the minority shareholders of the Company.

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2.8 Amount due from Related Parties

The amount owing to CTOS Digital Group by its Related Parties pursuant to the RRPTs as at financial year ended 31 December 2023 which have exceeded the normal credit terms of the CTOS Digital Group are as follows:

CTOS Digital and/or its Subsidiary Company	Transacting Related Party	Nature of RRPT	Outstanding RRPT Receivables as at 31 December 2023	Not Past due	Outstanding RRPT Receivables which exceed the credit term of the following period			
					One Year or Less	More than one to three years	More than three to five years	More than five years
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CDS	Creador Sdn Bhd	Provision of Credit Management Suite and Financial Surveillance & Compliance services by CDS to Creador	4	4	-	-	-	-
CDS	CIBI	Provision of services relating to Multi FaceID features by CDS to CIBI	502	-	502	-	-	-
CDS	CIBI	Provision of consultancy services, relating to implementation of credit bureau software, by CDS to CIBI	936	936	-	-	-	-
IDS	CIBI	Provision of Digital Footprint Services Report by IDS to CIBI.	*	*	-	-	-	-
Basis	CIBI	Purchase of Business Reports by Basis from CIBI.	2	1	1	-	-	-
Total			1,444	941	503	-	-	-

* less than RM1,000

From financial year end up to the LPD, the Group has collected the overdue amount of RM503,000.00 from CIBI. There were no late payment charges imposed on the amount due, as the Transacting Parties are viewed as a long-term business counter-party. The Management has and will constantly following up with the Transacting Parties to pursue for timely settlement of the outstanding amounts. The Board of Directors has reviewed the above outstanding amounts and was of the opinion that they are recoverable and repayable. CTOS Digital will review, where appropriate and if deemed necessary, impose late payment charges on outstanding amounts in line with market practice, subject to the terms of the transactions and the applicable rules and regulations, if any.

2.9 Review procedures for RRPTs

To promote good corporate governance in the conduct of the Company's business, our Group has established a framework for evaluating potential conflicts of interest and disclosure obligations arising out of transactions and business arrangements between the Company and its Related Parties. The Group has also established various procedures to ensure that the RRPTs, where possible, are undertaken on arm's length basis and on normal commercial terms and transaction prices that are consistent with the Group's usual business practices and policies, which are generally not on prices and terms that are more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders and are in the best interest of the Company.

The review and approval procedures established by the Group for the RRPTs are as follows:-

- (a) The identity of the Related Parties is disclosed/circulated within the Group and at the same time, the Related Parties are notified that all RRPTs are required to be taken on arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public;
- (b) All RRPTs to be entered into will be reviewed by the Audit and Risk Committee and reported to the Board to ensure that the transactions are in the best interest of the Company, fair, reasonable and on normal commercial terms, not more favourable to the Related Parties and will not be detrimental to the minority shareholders; In the review of RRPTs, the ARC may, as it deems fit, requests for additional information pertaining to the transactions from independent sources and advisers;
- (c) The Board and Audit and Risk Committee will have overall responsibility for the determination of the review procedures, including new review procedures, as and when necessary. The Board and Audit and Risk Committee may also appoint individuals and committees to examine the RRPTs, as they deem appropriate;
- (d) The Directors having interest in any RRPTs must abstain from voting on any matter relating to decisions to be taken by the Board and deliberations as well as shall ensure that the Major Shareholders and Persons Connected with them abstain from voting on the resolution approving the transactions. the Interested Director must inform our Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed RRPTs that he is aware or should reasonably be aware of, which is not in the best interest of the Company or our subsidiary, as the case may be;
- (e) The Interested Major Shareholder or Person Connected to them must not vote at the general meeting on the resolution approving the RRPTs. It is the duty of the Interested Director and Interested Major Shareholder to ensure that Persons Connected to them abstain from voting on the resolution approving the RRPTs;
- (f) Records will be maintained by the Company to capture all RRPTs which are entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and all RRPTs are compiled for review and approval by the ARC and Board respectively;
- (g) At least two other contemporaneous transactions with unrelated third parties for similar products/ services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/ services and/or quantities;
- (h) Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on the usual business practices of the Group to ensure the RRPTs are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the Company or our Group or to our minority shareholders;

- (i) The internal audit plan shall incorporate a review of RRPTs to ensure that all the relevant approvals for RRPTs have been obtained;
- (j) Immediate announcement will be made when the actual amount of a RRPTs exceeds the estimated value disclosed in the Circular by 10% or more;
- (k) The Audit and Risk Committee will review the cumulative value of all RRPTs on quarterly basis;
- (l) Disclosure will be made in the following year's annual report of the Company of the aggregate value of transactions conducted pursuant the shareholders' mandate; and
- (m) In respect of any new RRPTs not covered under a shareholders 'mandate, it will be subject to review and approval by the Audit and Risk Committee and reported to the Board for announcement to Bursa Securities pursuant to Paragraph 10.09(1)(a) of the LR.

3. STATEMENT BY ARC

The Audit and Risk Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit and Risk Committee also has the authority to delegate this responsibility to such individuals within the Company as it shall deem fit.

The Audit and Risk Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify the RRPTs in a timely and orderly manner. The Audit and Risk Committee will review the processes and procedures at least once a year.

The Audit and Risk Committee has the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit and Risk Committee has reviewed the terms of the Proposed Shareholders' Mandate and is satisfied that the review procedures mentioned in Section 2.9 above for the RRPTs, as well as the quarterly reviews to be made by the Audit and Risk Committee in relation thereto are sufficient to ensure that the RRPTs are undertaken on arm's length basis, on normal commercial terms, not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

4. DISCLOSURE OF RRPTS

Disclosure will be made in the Company's annual report and in the annual reports for the subsequent financial years during which the authority pursuant to the Proposed Shareholders' Mandate is in force in respect of the breakdown of the aggregate value of the RRPTs made during the financial year, the type of RRPTs entered into, the names of the related parties involved in each type of RRPTs and the nature of their relationship with the Group.

If the actual value of a Recurrent Transaction entered into by CTOS Digital Group exceeds the estimated value of the Recurrent Transaction disclosed in this Circular by 10% or more, immediate announcement to Bursa Securities will be made.

5. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will enable the Group to continue to carry out the RRPTs necessary for the Group's day-to-day operations and enhance the Group's ability to pursue business opportunities which are time-sensitive in nature more expeditiously.

The Proposed Shareholders' Mandate will eliminate the need to announce and convene separate general meetings of the Company from time to time to seek shareholders' approval on each occasion pursuant to the requirements of Paragraph 10.09 of the LR, as and when potential transactions with the specified classes of Related Parties arise. This will also substantially reduce expenses associated with the convening of such meetings on an ad-hoc basis, improve administrative efficiency and allow human resources and time to be channelled towards attaining other corporate objectives and opportunities.

The RRPTs carried out within the CTOS Digital Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

The RRPT are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background, financial well-being and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have a good understanding of each other's business needs and expectations thus providing a platform where all parties can benefit from conducting the RRPTs.

6. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the share capital and substantial shareholders' shareholdings of the Company. The Proposed Shareholders' Mandate is expected to contribute positively to the net assets, earnings and gearing of the Group.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

As at LPD, the direct and indirect interests of the Directors, Major Shareholders and/or Persons Connected to the Directors and Major Shareholders of CTOS Digital who are interested and/or do not consider themselves independent in the RRPT(s) are as follows:

Name	As at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
Loh Kok Leong	300,000	0.0130	-	-
Wong Pau Min	450,000	0.0195	-	-
Erick Hamburger Barraza	250,000	0.0108	-	-
<u>Interested Major Shareholders</u>				
Jade Vine	453,336,100	19.625	-	-
Creador V L.P. ⁽¹⁾	-	-	453,336,100	19.625

Notes:

⁽¹⁾ Creador V L.P. is deemed interested by virtue of its interest via Jade Vine pursuant to Section 8(4) of the Companies Act 2016.

Accordingly, the interested Directors and interested Major Shareholders will abstain from voting in respect of their shareholdings direct and indirect in the Company on the resolution pertaining to the shareholders' mandate for the RRPT involving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM to be convened. In addition, the interested Directors and interested Major Shareholders shall undertake to ensure that Persons Connected to them shall abstain from voting in respect of their direct/indirect shareholdings in the Company, if any, on

the resolutions pertaining to the said Proposed Shareholders' Mandate to be tabled at the forthcoming AGM to be convened.

Save as disclosed above, none of the other Directors, Major Shareholders or Persons Connected to Directors or Major Shareholders of the Company has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

8. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM.

9. DIRECTORS' RECOMMENDATION

The Directors of CTOS Digital (save for Loh Kok Leong, Wong Pau Min, and Erick Hamburger Barraza, who are the Interested Directors and have abstained from all deliberations and voting in respect of the Proposed Shareholders' Mandate) having considered all aspects of the Proposed Shareholders' Mandate and after careful deliberation, are of the view that the Proposed Shareholders' Mandate is in the best interest of the Company. Accordingly, the Board (save for Loh Kok Leong, Wong Pau Min, and Erick Hamburger Barraza) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

10. AGM

The ordinary resolution to approve the Proposed Shareholders' Mandate is set out in the Notice of the 2024 AGM contained in the Company's 2023 Annual Report.

The AGM 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 **Wednesday, 5 June 2024 at 9.30 a.m.** for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

You will also find in the circular, a copy of the Proxy Form. If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Proxy Form in accordance with the instruction printed therein as soon as possible and in any event, so as to arrive at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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 not less than forty-eight (48) hours before the time for holding the AGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Pursuant to Paragraph 8.29A of the LR, voting in respect to the ordinary resolution approving the Proposed Shareholders' Mandate shall be conducted by way of poll during the forthcoming AGM of the Company.

11. FURTHER INFORMATION

You are advised to refer to the attached Appendix I for further information.

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

DATO' NOORAZMAN BIN ABD AZIZ
Independent Non-Executive Chairman

APPENDIX I – FURTHER INFORMATION.

1. RESPONSIBILITY STATEMENT

The Directors have seen and approved this Circular and they, collectively and individually, accept full responsibility for the accuracy of the information in this Circular. They confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements in this Circular or other facts which, if omitted, would make any statement in this Circular false or misleading.

2. MATERIAL CONTRACT

Save as disclosed below, the Group has not as at the LPD, entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the date of this Circular:-

- (a) Share purchase agreement dated 25 April 2022 between Affin Bank Berhad and Affin Hwang Investment Bank Berhad (as sellers) and CTOS Digital (as purchaser) for the purchase of 560,000 ordinary shares in RAM Holdings Berhad ("RAM"), representing 5.6% of the issued share capital of RAM, for a cash consideration of RM14,560,000 (completed on 25 April 2022);
- (b) Share purchase agreement dated 9 May 2022 between Alliance Investment Bank Berhad (as seller) and CTOS Digital (as purchaser) for the purchase of 200,000 ordinary shares in RAM, representing 2.0% of the issued share capital of RAM, for a cash consideration of RM6,923,076 (completed on 9 May 2022);
- (c) Share purchase agreement dated 15 July 2022 between Oscar Matrix Sdn Bhd (as seller) and CTOS Digital (as purchaser) for the purchase of 1,990,000 ordinary shares in RAM, representing 19.9% of the issued share capital of RAM, for a cash consideration of RM51,342,000 (completed on 2 September 2022);
- (d) Share purchase agreement dated 8 September 2022 between Dragonline Solutions Sdn Bhd (as seller) and CTOS Digital (as purchaser) for the purchase of 1,565,000 ordinary shares in RAM, representing 15.65% of the issued share capital of RAM, for a cash consideration of RM44,602,500 (completed on 3 October 2022);
- (e) Share purchase agreement dated 26 September 2022 between MUFG Bank (Malaysia) Berhad (as seller) and CTOS Digital (as purchaser) for the purchase of 210,000 ordinary shares in RAM, representing 2.1% of the issued share capital of RAM, for a cash consideration of RM5,985,000 (completed on 4 October 2022); and
- (f) Sale and purchase agreement dated 25 August 2023 between the parties set out in Parts 3 and 4 of Schedule 1 of the agreement (as sellers) and CTOS Digital (as purchaser) and Fintech Platform Ventures Pte Ltd ("Fintech") for the sale and purchase of 4,181,667 ordinary shares in Fintech, representing the entire issued share capital of Fintech for a cash consideration of USD5,864,161 (equivalent to RM27.8 million) (completed on 26 October 2023).

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

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

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies of them are available for inspection during normal business hours 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 from Mondays to

Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) The Constitution of CTOS Digital;
- (b) The audited consolidated financial statements of the Company for the past two (2) financial year ended 31 December 2021 and 31 December 2022 and the latest unaudited results since the last audited financial statements; and
- (c) Material Contracts as disclosed above in Section 2.