



**CTOS DIGITAL BERHAD**

**TERMS OF REFERENCE  
FOR THE  
EMPLOYEES' SHARE OPTION  
SCHEME COMMITTEE**

No.	Heading	Details
1.	<b>Introduction</b>	<p>This document contains the terms of reference for the Employees' Share Option Scheme Committee ("<b>ESOS Committee</b>"), a sub-committee established by CTOS Digital Berhad's ("<b>the Company</b>") Board of Directors ("<b>the Board</b>"). It is intended to outline the respective roles, responsibilities, and authority of the ESOS Committee in its effective discharge of responsibilities in relation to the functions set out herein.</p> <p>The ESOS Committee is subject to the provisions of the Company's Board Charter and Terms of Reference, the Companies Act 2016 ("<b>CA 2016</b>"), the Malaysian Code on Corporate Governance ("<b>MCCG</b>"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") ("<b>MMLR</b>"), the Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries of the Securities Commission Malaysia and all other applicable laws and/or regulatory requirements as amended or updated from time to time.</p>
2.	<b>Objectives</b>	<p>The primary function of the ESOS Committee is to assist the Board, in implementing and administering the ESOS of the Company in accordance with the By-laws of the ESOS ("<b>By-Laws</b>") as attached.</p>
3.	<b>Authority and Powers of the ESOS Committee</b>	<p>3.1 In carrying out its duties, the ESOS Committee shall have the following powers and authority, in accordance with the procedures to be determined by the Board and at the cost of the Company:</p> <ul style="list-style-type: none"> <li>(i) Have the resources which are required to perform its duties;</li> <li>(ii) Have full, free, and unrestricted access to any information, records, properties and personnel of the Company;</li> <li>(iii) The ability to appoint external counsels or other advisers and approve the terms and conditions of the appointment and obtain independent professional or other advice and services and to invite external parties with relevant experience to attend ESOS Committee meetings (if required) and to brief the ESOS Committee thereof if the ESOS Committee considers this as necessary; and</li> <li>(iv) Have access to the advice and services of the ESOS Committee Secretary.</li> </ul>
4.	<b>Composition of the ESOS Committee</b>	<p>4.1 The members of the ESOS Committee shall be appointed by the Board amongst its Directors</p>

		<p>and/or senior management personnel of the Company or its subsidiary(ies) ("Group") and shall comprise at least three (3) members with a majority being Independent Non-Executive Director.</p> <p>4.2 The Chairman of the ESOS Committee shall be a Director elected amongst the ESOS Committee members. In the absence of the Chairman of the ESOS Committee, the other members of the ESOS Committee shall elect a Chairman amongst themselves to chair the meeting. The Chairman of the ESOS Committee should not be the Chairman of the Board.</p> <p>4.3 If the number of members fall below the requisite number (i.e., three (3) members), the Board shall, within three (3) months, appoint such number of new members as may be required to fulfil the minimum requirement.</p> <p>4.4 Individual directors may relinquish their membership in the ESOS Committee with prior written notice to the ESOS Committee Secretary.</p> <p>4.1 The Board may from time to time and in its absolute discretion, revise the composition, roles, and responsibilities of the ESOS Committee.</p>
5.	<p><b>Duties and Responsibilities of the ESOS Committee</b></p>	<p>The duties and responsibilities of the ESOS Committee shall include the following:</p> <p>5.1 To exercise all the powers and undertake the duties and responsibilities stated in the By-Laws.</p> <p>5.2 To administer the ESOS in such manner as provided in the By-Laws and the powers and duties conferred upon by the Board, including but not limited to the following:-</p> <p>(a) To determine the eligibility of the person for participation in the ESOS according to the By-Laws;</p> <p>(b) To decide on the number of options to be granted to the eligible person(s), the subscription price and such other terms in relation to the grant of offer according to the By-Laws;</p> <p>(c) To determine the limits on the exercise of options, including number of shares exercisable and the prescribed option period and to impose any other terms and conditions it deems fit.</p>

		<p>(d) To administer the exercise of option and to ensure remittance for the full amount of subscription monies.</p> <p>(e) To enter any transactions, agreements, deeds, documents or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the ESOS subject to the provisions of the By-Laws; and</p> <p>(f) To take all other actions within the purview of the ESOS Committee pursuant to the By-Laws, for the necessary and effective implementation and administration of the ESOS.</p> <p>5.3 To monitor the progress of ESOS with the power to vary, amend, waive or modify any of the terms and conditions of the offer, in accordance to the By-Laws, at any time and from time to time as it deems necessary and appropriate.</p> <p>5.4 To review and report to the Board on a regular basis on how the ESOS Committee has discharged its responsibilities and provide to the Board copies of the minutes of meetings of the ESOS Committee.</p> <p>5.5 The ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, amend or delete all or any of the terms in the By-Laws upon such recommendation. The recommendation is subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Malaysia Securities Berhad each time an amendment and/or modification is made.</p> <p>5.6 To consider all other matters in relation to the administering of the ESOS as may be prescribed to the ESOS Committee by the Board.</p>
6.	<b>Meetings</b>	<p>6.1 The ESOS Committee shall meet at least once a year or as and when the ESOS Committee deems necessary. Additional meetings may be called at the discretion of the ESOS Committee Chairman or by the Chairman of the Board.</p> <p>6.2 The ESOS Committee may establish and review its procedures from time to time to govern its meetings, keeping of minutes and its administration.</p>

		<p>6.3 In order to form a quorum, a minimum of two (2) members must be present.</p> <p>6.4 Each member of the ESOS Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the ESOS Committee. In the event of an equality of votes, the Chairman of the ESOS Committee shall be entitled to a second or casting vote.</p> <p>6.5 Where only two (2) members are competent to vote on the question in issue and there is equality in vote, the resolution shall be deemed not to have passed, whereupon the question in issue shall be tabled at the next meeting of the ESOS Committee or referred to the Board by a written circular resolution, whichever is more expedient.</p> <p>6.6 The ESOS Committee may request the attendance of other directors, employees of the Group or consultants to participate in the ESOS Committee meetings to assist in its deliberations. This is provided however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the ESOS Committee unless he or she is a member of the ESOS Committee.</p> <p>6.7 A member of the ESOS Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.</p> <p>6.8 The ESOS Committee meetings may be held at two (2) or more venues within or outside Malaysia using any technology that enables the ESOS Committee members to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all ESOS Committee members prior to or at the meeting. The ESOS Committee members shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.</p> <p>6.9 The notice of ESOS Committee meetings and meeting materials shall be circulated at least seven (7) days, or shorter notice where it is unavoidable before each meeting to members of the ESOS Committee. Notice of meetings shall be given in writing and shall be served to the ESOS Committee either personally or by email, fax, post, or courier to the address provided by the ESOS Committee member.</p>
--	--	---

		6.10 The Chairman of the ESOS Committee shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the ESOS Committee that require the Board's approval at the Board meeting.
7.	<b>Role and Responsibilities of the ESOS Committee Chairman</b>	<p>The ESOS Committee Chairman's main role and responsibilities include, but are not limited to the following:</p> <p>7.1 To preside over all ESOS Committee meetings and ensuring the effective discharge of the ESOS Committee's duties and responsibilities.</p> <p>7.2 To ensure that all members are enabled and encouraged to play their full role as an ESOS Committee member and making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at the ESOS Committee meetings.</p> <p>7.3 To report on material issues, which have been deliberated at ESOS Committee meetings to the Board.</p>
8.	<b>Role and Responsibilities of the ESOS Committee Secretary</b>	<p>8.1 The Company Secretary or his/her nominee shall be the Secretary of the ESOS Committee.</p> <p>8.2 The role and responsibilities of the ESOS Committee Secretary is primarily to ensure that the minutes of each ESOS Committee meeting shall be kept and distributed to all members of the ESOS Committee and make the same available to Board members who are not members of the ESOS Committee. The ESOS Committee Secretary shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.</p>
9.	<b>Written Resolution</b>	9.1 The ESOS Committee may deal with matters by way of written resolution. A resolution in writing signed by all members of the ESOS Committee, shall be as valid and effectual as if it had been passed by a meeting of the ESOS Committee duly called and constituted. The decision shall be presented at the next subsequent Board meeting, for noting and minutes. The written resolution by electronic means allowed under the Constitution of the Company shall apply to the written resolution of the ESOS Committee.

10.	<b>Committee Evaluation</b>	<p>10.1 The ESOS Committee will annually complete a self-evaluation of the ESOS Committee's own performance and effectiveness to ensure that its respective functions and responsibilities as set out herein are met. The review shall specifically include consideration of the following:</p> <ul style="list-style-type: none"> <li>(i) Frequency and timeliness of the ESOS Committee meetings;</li> <li>(ii) Adequacy and quality of information provided to the ESOS Committee;</li> <li>(iii) Effectiveness of the ESOS Committee in carrying out the duties as set out herein; and</li> <li>(iv) Contribution of individual ESOS Committee members.</li> </ul>
11.	<b>Revision of the Terms of Reference</b>	<p>11.1 The ESOS Committee shall review and re-assess the adequacy of the Terms of Reference of ESOS Committee on a periodic basis, and where necessary obtain the assistance of management and the Company's external legal counsels, and recommend the proposed changes to the Board for approval.</p>
12.	<b>Miscellaneous</b>	<p>12.1 Where the ESOS Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the ESOS Committee has the responsibility to promptly report such matter to Bursa Securities.</p> <p>12.2 The provisions under this Terms of Reference have been drafted in a manner to also incorporate the provisions under the MMLR and other statutes, regulations and guidelines applicable to the ESOS Committee. In the event the applicable provisions of the MMLR and/or relevant governing statutes, regulations and guidelines relating to ESOS Committee are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon this Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied MMLR, statutes, regulations and guidelines.</p>

*[End of document]*