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DIALOG GROUP BERHAD

(Registration No. 198901001388 (178694-V))
(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT

IN RELATION TO THE

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The resolution in respect of the above proposal will be tabled as Special Business at the 34th Annual General Meeting (“AGM”) of the Company to be held as a virtual meeting through live streaming and online remote voting from the broadcast venue at the Training Room, Level 5, DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 17 November 2022 at 10.00 a.m. The Notice of AGM together with the Proxy Form are enclosed in the Annual Report of the Company for the financial year ended 30 June 2022.

The Proxy Form must be deposited at the Registered Office of the Company at DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia OR by electronic form via TIIH Online at <https://tiah.online>, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting remotely should you subsequently wish to do so. The last day and time for lodging the Proxy Form is on 15 November 2022 at 10.00 a.m.

This Statement is dated 18 October 2022

TABLE OF CONTENTS

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

| | PAGE |
|---|-------------|
| 1. INTRODUCTION | 1 |
| 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY | 1 |
| 3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY | 3 |
| 4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY | 3 |
| 5. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY | 4 |
| 6. HISTORICAL SHARE PRICES | 10 |
| 7. IMPLICATION OF THE CODE | 10 |
| 8. APPROVALS REQUIRED | 10 |
| 9. PURCHASE, RESALE, TRANSFER AND CANCELLATION OF SHARES IN THE PAST TWELVE (12) MONTHS | 10 |
| 10. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM | 11 |
| 11. DIRECTORS' STATEMENT AND RECOMMENDATION | 11 |
| 12. ANNUAL GENERAL MEETING | 11 |
| APPENDIX 1 - FURTHER INFORMATION | 12 |
| APPENDIX 2 - EXTRACT OF NOTICE OF THE 34 TH ANNUAL GENERAL MEETING | 13 |

DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:-

| | | |
|--|---|---|
| Act | : | The Companies Act 2016, as amended from time to time and any re-enactment thereof |
| AGM | : | Annual General Meeting |
| Board | : | The Board of Directors of DIALOG |
| Bursa Malaysia | : | Bursa Malaysia Securities Berhad (<i>Registration No. 200301033577 (635998-W)</i>) |
| Code | : | The Malaysian Code on Take-Overs and Mergers 2016 as amended from time to time and any re-enactment thereof |
| DIALOG Share(s)/Share(s) | : | Ordinary share(s) in DIALOG |
| DIALOG/the Company | : | DIALOG Group Berhad (<i>Registration No. 198901001388 (178694-V)</i>) |
| DIALOG Group/the Group | : | DIALOG and its subsidiaries, collectively |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Malaysia as amended from time to time and any re-enactment thereof |
| LPD | : | 21 September 2022, being the latest practical date before the printing of the Share Buy-Back Statement |
| Market Day | : | Means a day on which Bursa Malaysia is open for trading in securities |
| Minister | : | Minister charged with the responsibilities for companies |
| NA | : | Net Assets |
| Prevailing Laws | : | Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase |
| Proposed Renewal of Share Buy-Back Authority | : | Proposed renewal of authority granted to the Company to purchase up to ten percent (10%) of its total number of issued ordinary shares |
| RM and sen | : | Ringgit Malaysia and sen respectively |
| Share Buy-Back Statement | : | Share Buy-Back Statement in relation to the Proposed Renewal of Share Buy-Back Authority |
| VWAP | : | Volume weighted average market price |

All reference to “you” in this Statement are to our shareholders

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

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

The logo for DIALOG Group Berhad, featuring the word "DIALOG" in white, bold, sans-serif capital letters inside a black rectangular box with horizontal lines above and below it.

DIALOG GROUP BERHAD

(Registration No. 198901001388 (178694-V))
(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

The shareholders of DIALOG had, at the 33rd AGM of the Company held on 18 November 2021, approved the renewal of the authority to enable the Company to purchase up to ten percent (10%) of its prevailing total number of issued ordinary shares. The said renewal became effective immediately upon its approval by shareholders at the last AGM of the Company and shall expire at the conclusion of the forthcoming 34th AGM of the Company, unless renewed by shareholders.

On 18 August 2022, the Company announced that it proposes to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority at the 34th AGM to be convened on 17 November 2022.

The purpose of this Share Buy-Back Statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled as a Special Business at the forthcoming AGM of the Company to be convened on 17 November 2022.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS SHARE BUY-BACK STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

- 2.1** The Company proposes to seek from its shareholders a renewal of the authority to purchase up to ten percent (10%) of its total number of issued ordinary shares on Bursa Malaysia at any point in time during the authorised period, subject to compliance with the provision of the Act, the Listing Requirements and/or any other relevant authorities.

The authority from shareholders for the Proposed Renewal of Share Buy-Back Authority will be effective immediately upon the passing of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting.

- 2.2** Paragraph 12.10(1) of the Listing Requirements stipulates that purchases of own shares must be made wholly out of retained profits of the listed corporation. The Board proposes to allocate an amount of up to the retained profits of the Company for the purchase of its own ordinary shares, subject to compliance with Section 127 of the Act and any Prevailing Laws, including compliance with the twenty-five percent (25%) public shareholding spread as required by the Listing Requirements. The retained profits of the Company was RM1,106,268,000 based on the latest audited financial statements as at 30 June 2022.

2.3 In accordance with Section 127 of the Act, the Board may resolve, at its discretion, to deal with the purchased DIALOG Shares in the following manner:

- (i) cancel the DIALOG Shares so purchased; or
- (ii) retain the DIALOG Shares so purchased as treasury shares which may be:
 - (a) distributed as share dividends to DIALOG's shareholders;
 - (b) resold in accordance with the relevant rules of Bursa Malaysia;
 - (c) transferred as purchase consideration;
 - (d) cancelled subsequently; and/or
 - (e) sold, transferred or otherwise used for such other purposes as the relevant Minister may by order prescribe; or
- (iii) retain part of the DIALOG Shares so purchased as treasury shares and cancel the remainder of the DIALOG Shares,

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied from time to time by Bursa Malaysia and/or any other relevant authority for the time being in force and that the authority to deal with the purchased DIALOG Shares shall continue to be valid until all the purchased DIALOG Shares have been dealt with by the Directors of the Company.

In the event that the Company ceases to hold all or part of the purchased Shares as a result of the above, the Company may further purchase such additional number of Shares provided that the total purchased Shares (including Shares held as treasury shares then) does not exceed 10% of its total number of issued ordinary shares at the time of such purchase.

While the purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.4 Pursuant to the provisions of Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares at a price which is not more than fifteen percent (15%) above the VWAP of Shares for the past five (5) Market Days immediately preceding the date of the purchase.

Pursuant to the provisions of Paragraph 12.18 of the Listing Requirements, the Company may only resell the purchased Shares held as treasury shares at a price which is:-

- a) not less than the VWAP of Shares for the past five (5) Market Days immediately preceding the date of resale; or
- b) not more than five percent (5%) discount to the VWAP of Shares for the past five (5) Market Days immediately prior to the resale provided that:-
 - (i) the resale takes place not earlier than 30 days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being sold.

2.5 The Proposed Renewal of Share Buy-Back Authority will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the above-mentioned time period using the internal funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of funds, actual number of Shares to be purchased and other cost factors. The actual number of Shares to be purchased depends upon the market conditions and sentiments on Bursa Malaysia as well as the retained profits and financial resources available to the Company.

The treatment of the purchased Shares held as treasury shares, either distributed as share dividends or resold by the Company on Bursa Malaysia, or both, will in turn depend on the availability of, amongst others, retained profits of the Company.

In the event the Company purchases its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flow of DIALOG Group.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, if implemented, is expected to benefit the Company and its shareholders as follows:-

- (i) The Group is able to utilise its surplus financial resources which is not immediately required for other uses to purchase its own Shares from the market. This may stabilise the supply and demand of DIALOG Shares traded on Bursa Malaysia and thereby support the fundamental value of DIALOG Shares;
- (ii) Irrespective of whether DIALOG Shares purchased are retained as treasury shares or are subsequently cancelled, the earnings per share of DIALOG may be strengthened, and if so, shareholders of DIALOG may enjoy an increase in the value of their investment in the Company; and
- (iii) The DIALOG Shares purchased can be kept as treasury shares and resold on Bursa Malaysia at a higher price with the intention of realising potential capital gains without affecting the total issued ordinary shares. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Company has implemented a share buy-back scheme since 2005. Under the share buy-back scheme, the Company has distributed treasury shares to shareholders as share dividends for the financial years ended 30 June 2006, 30 June 2009 and 30 June 2014. The Company intends to continue to distribute share dividends to its shareholders in the future.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The financial resources of the Company may increase if the purchased Shares held as treasury shares are resold at prices higher than their purchase price. Other potential advantages of the Proposed Renewal of Share Buy-Back Authority are as outlined in Section 3 above.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority, if implemented, are as follows:-

- (i) The Proposed Renewal of Share Buy-Back Authority may reduce the financial resources of the Company, and thereby may result in the Company foregoing future investment opportunities, or deprive the Company of interest income that can be derived from funds utilised for the Proposed Renewal of Share Buy-Back Authority; and
- (ii) The Proposed Renewal of Share Buy-Back Authority may reduce the amount of resources available for distribution to the shareholders of the Company in the form of cash dividends as funds are utilised to purchase its own Shares.

Notwithstanding the above, the Board does not expect the Proposed Renewal of Share Buy-Back Authority to have any material disadvantage to the Group and its shareholders since it will be implemented only after due consideration of the financial resources of the Group and the resultant effects on the Group and its shareholders. The Board will be mindful of the interest of the Company and its shareholders in undertaking the Proposed Renewal of Share Buy-Back Authority.

5. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority are based on the following assumptions: -

(i) Scenario 1

Assuming that all of the 53,721,149 Employees' Share Option Scheme ("ESOS") options of the Company, which are exercisable before the next AGM in year 2023, are exercised into new Shares, prior to the Company purchasing its own shares representing approximately ten percent (10%) of its total number of issued ordinary shares and such Shares purchased are cancelled or alternatively be retained as treasury shares or both.

(ii) Scenario 2

Assuming that none of the ESOS options of the Company, which are exercisable before the next AGM in year 2023, are exercised into new Shares, prior to the Company purchasing its own shares representing approximately ten percent (10%) of its total issued ordinary shares and such Shares purchased are cancelled or alternatively be retained as treasury shares or both.

5.1 Share Capital

In the event that all the Shares purchased are cancelled, the full implementation of the Proposed Renewal of Share Buy-Back Authority will result in the issued ordinary shares of the Company being reduced as follows:-

| | Scenario 1 | Scenario 2 |
|---|----------------------|----------------------|
| | No. of Shares | No. of Shares |
| Total issued ordinary shares as at the LPD | 5,645,904,682 | 5,645,904,682 |
| To be issued assuming full exercise of exercisable ESOS options | 53,721,149 | - |
| Total enlarged issued ordinary shares | 5,699,625,831 | 5,645,904,682 |
| Maximum number of DIALOG Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority[^] | 569,962,583 | 564,590,468 |
| Total issued ordinary shares after cancellation of Shares bought-back | 5,129,663,248 | 5,081,314,214 |

However, if the Shares so purchased are retained as treasury shares and subsequently re-sold and/or distributed to DIALOG shareholders, the implementation of the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued ordinary shares of the Company.

[^] Including a total of 3,335,032 treasury shares held by the Company as at the LPD.

5.2 Directors' and Substantial Shareholders' Shareholdings

The effects of the full implementation of the Proposed Renewal of Share Buy-Back Authority on the directors' and substantial shareholders' shareholdings based on the Registers of Directors' Shareholdings and Substantial Shareholders' Shareholdings, respectively as at the LPD are as follows:-

Scenario 1

Directors' Shareholdings

| Directors' Shareholdings | Existing shareholdings as at LPD | | | (I) Assuming full exercise of the exercisable ESOS options | | | (II) After (I) and the Proposed Renewal Share Buy-Back Authority | | |
|----------------------------|----------------------------------|------------------|------------------------------|---|---------------|------------------|---|------------------|--------------------------------|
| | Direct Interest | | Deemed Interest | Direct Interest | | Deemed Interest | Direct Interest | | Deemed Interest |
| | No. of Shares | % ^(g) | No. of Shares | % ^(h) | No. of Shares | % ^(h) | No. of Shares | % ⁽ⁱ⁾ | No. of Shares % ⁽ⁱ⁾ |
| Tan Sri Dr. Ngau Boon Keat | 46,145,103 ^(a) | 0.8 | 1,032,443,442 ^(b) | 18.3 | 47,341,103 | 0.8 | 47,341,103 | 0.9 | 1,033,385,442 20.1 |
| Chan Yew Kai | 32,384,767 ^(a) | 0.6 | 3,000,000 ^(c) | 0.1 | 33,413,967 | 0.6 | 33,413,967 | 0.7 | 3,000,000 0.1 |
| Chin Kwai Fatt | - | - | - | - | - | - | - | - | - |
| Siti Khairon Binti Shariff | - | - | - | - | - | - | - | - | - |
| Dato' Ismail Bin Karim | - | - | - | - | - | - | - | - | - |
| Juniwati Rahmat Hussin | 8,345 ^(a) | Neg | 47,340 ^(c) | Neg | 8,345 | Neg | 8,345 | Neg | 47,340 Neg |
| Badrul Hisham Bin Dahalan | - | - | - | - | - | - | - | - | - |
| Zainab Binti Mohd Salleh | 7,414,479 ^(a) | 0.1 | - | - | 8,020,879 | 0.1 | 8,020,879 | 0.2 | - - |

Notes:-

Neg - Negligible.

^(a) - Shares are held in own name and/or nominee account(s).

^(b) - Deemed interested by virtue of his interests in Keatee (L) Foundation, AU Holdings (L) Ltd, Azam Utama Sdn. Bhd., Keatim (L) Foundation, WS Holdings (L) Ltd, Wide Synergy Sdn. Bhd., GMC Sdn. Bhd., and interests held by his spouse and children.

^(c) - Deemed interested by virtue of his/her children's interests.

Scenario 1

Substantial Shareholders' Shareholdings

| Substantial Shareholders' Shareholdings | Existing shareholdings as at LPD | | | (I) Assuming full exercise of the exercisable ESOS options | | | (II) After (I) and the Proposed Renewal Share Buy-Back Authority | | |
|--|----------------------------------|------------------|------------------------------|---|-----------------|------------------|---|------------------|---------------|
| | Direct Interest | Deemed Interest | | Direct Interest | Deemed Interest | | Direct Interest | Deemed Interest | |
| | No. of Shares | % ^(g) | No. of Shares | % ^(h) | No. of Shares | % ^(h) | No. of Shares | % ⁽ⁱ⁾ | No. of Shares |
| Employees Provident Fund Board | 798,911,561 ^(a) | 14.2 | - | - | 798,911,561 | 14.0 | 798,911,561 | 15.6 | - |
| Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") | 481,334,748 ^(a) | 8.5 | 37,891,100 ^(d) | 0.7 | 481,334,748 | 8.4 | 481,334,748 | 9.4 | 37,891,100 |
| Wide Synergy Sdn. Bhd. | 434,970,688 ^(a) | 7.7 | - | - | 434,970,688 | 7.6 | 434,970,688 | 8.5 | - |
| Azam Utama Sdn. Bhd. | 430,563,330 ^(a) | 7.6 | - | - | 430,563,330 | 7.6 | 430,563,330 | 8.4 | - |
| Tan Sri Dr. Ngau Boon Keat | 46,145,103 ^(a) | 0.8 | 1,032,443,442 ^(b) | 18.3 | 47,341,103 | 0.8 | 47,341,103 | 0.9 | 1,033,385,442 |
| WS Holdings (L) Ltd | - | - | 434,970,688 | 7.7 | - | - | - | - | 434,970,688 |
| Keatim (L) Foundation | - | - | 434,970,688 ^(e) | 7.7 | - | - | - | - | 434,970,688 |
| AU Holdings (L) Ltd | - | - | 430,563,330 | 7.6 | - | - | - | - | 430,563,330 |
| Keatee (L) Foundation | - | - | 430,563,330 ^(f) | 7.6 | - | - | - | - | 430,563,330 |

Notes:-

- ^(d) - Shares are held by KWAP's fund manager.
- ^(e) - Indirect interest by virtue of Section 8 of the Companies Act 2016 via WS Holdings (L) Ltd which owns Wide Synergy Sdn. Bhd., the registered shareholder.
- ^(f) - Indirect interest by virtue of Section 8 of the Companies Act 2016 via AU Holdings (L) Ltd which owns Azam Utama Sdn. Bhd., the registered shareholder.
- ^(g) - Based on the issued ordinary shares (less treasury shares of 3,335,032) of 5,642,569,650 Shares as at LPD.
- ^(h) - Based on the enlarged issued ordinary shares (less treasury shares of 3,335,032) of 5,696,290,799 Shares, under Scenario 1.
- ⁽ⁱ⁾ - Based on the enlarged issued ordinary shares (less treasury shares of 569,962,583) of 5,129,663,248 Shares, under Scenario 1.

Scenario 2

Directors' Shareholdings

| Directors' Shareholdings | Existing shareholdings as at LPD | | | After the Proposed Renewal Share Buy-Back Authority | | |
|----------------------------|----------------------------------|------------------|------------------------------|---|-----------------|------------------|
| | Direct Interest | | Deemed Interest | | Deemed Interest | |
| | No. of Shares | % ^(g) | No. of Shares | % ^(g) | No. of Shares | % ^(h) |
| Tan Sri Dr. Ngau Boon Keat | 46,145,103 ^(a) | 0.8 | 1,032,443,442 ^(b) | 18.3 | 46,145,103 | 0.9 |
| Chan Yew Kai | 32,384,767 ^(a) | 0.6 | 3,000,000 ^(c) | 0.1 | 32,384,767 | 0.6 |
| Chin Kwai Fatt | - | - | - | - | - | - |
| Siti Khairon Binti Shariff | - | - | - | - | - | - |
| Dato' Ismail Bin Karim | - | - | - | - | - | - |
| Juniwati Rahmat Hussin | 8,345 ^(a) | Neg | 47,340 ^(c) | Neg | 8,345 | Neg |
| Badrul Hisham Bin Dahalan | - | - | - | - | - | - |
| Zainab Binti Mohd Salleh | 7,414,479 ^(a) | 0.1 | - | - | 7,414,479 | 0.1 |

Notes:-

Neg - Negligible.

^(a) - Shares are held in own name and/or nominee account(s).

^(b) - Deemed interested by virtue of his interests in Keatee (L) Foundation, AU Holdings (L) Ltd, Azam Utama Sdn. Bhd., Keatim (L) Foundation, WS Holdings (L) Ltd, Wide Synergy Sdn. Bhd., GMC Sdn. Bhd., and interests held by his spouse and children.

^(c) - Deemed interested by virtue of his/her children's interests.

Scenario 2

Substantial Shareholders' Shareholdings

| Substantial Shareholders' Shareholdings | Existing shareholdings as at LPD | | | After the Proposed Renewal Share Buy-Back Authority | | |
|--|----------------------------------|------------------|------------------------------|---|-----------------|------------------|
| | Direct Interest | | Deemed Interest | | Deemed Interest | |
| | No. of Shares | % ^(g) | No. of Shares | % ^(h) | No. of Shares | % ^(h) |
| Employees Provident Fund Board | 798,911,561 ^(a) | 14.2 | - | - | 798,911,561 | 15.7 |
| Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") | 481,334,748 ^(a) | 8.5 | 37,891,100 ^(d) | 0.7 | 481,334,748 | 9.5 |
| Wide Synergy Sdn. Bhd. | 434,970,688 ^(a) | 7.7 | - | - | 434,970,688 | 8.6 |
| Azam Utama Sdn. Bhd. | 430,563,330 ^(a) | 7.6 | - | - | 430,563,330 | 8.5 |
| Tan Sri Dr. Ngau Boon Keat | 46,145,103 ^(a) | 0.8 | 1,032,443,442 ^(b) | 18.3 | 46,145,103 | 0.9 |
| WS Holdings (L) Ltd | - | - | 434,970,688 | 7.7 | - | - |
| Keatim (L) Foundation | - | - | 434,970,688 ^(e) | 7.7 | - | - |
| AU Holdings (L) Ltd | - | - | 430,563,330 | 7.6 | - | - |
| Keatee (L) Foundation | - | - | 430,563,330 ^(f) | 7.6 | - | - |
| | | | | | 1,032,443,442 | 20.3 |
| | | | | | 434,970,688 | 8.6 |
| | | | | | 434,970,688 | 8.6 |
| | | | | | 430,563,330 | 8.5 |
| | | | | | 430,563,330 | 8.5 |

Notes:-

- ^(d) - Shares are held by KWAP's fund manager.
- ^(e) - Indirect interest by virtue of Section 8 of the Companies Act 2016 via WS Holdings (L) Ltd which owns Wide Synergy Sdn. Bhd., the registered shareholder.
- ^(f) - Indirect interest by virtue of Section 8 of the Companies Act 2016 via AU Holdings (L) Ltd which owns Azam Utama Sdn. Bhd., the registered shareholder.
- ^(g) - Based on the issued ordinary shares (less treasury shares of 3,335,032) of 5,642,569,650 Shares as at LPD.
- ^(h) - Based on the enlarged issued ordinary shares (less treasury shares of 564,590,468) of 5,081,314,214 Shares, under Scenario 2.

5.3 Net Assets

If the Shares purchased are retained as treasury shares, the NA of DIALOG Group would decrease by the purchase cost of the treasury shares because the treasury shares are required to be carried at cost and be deducted from equity. If the treasury shares are subsequently cancelled or distributed as share dividends, there will be no additional effect on the NA of DIALOG Group.

The purchase of DIALOG Shares that are retained as treasury shares and/or cancelled and/or distributed as share dividends will reduce the NA per share of DIALOG Group if the purchase price of such shares exceeds the NA per share of DIALOG Group, and vice versa.

If the treasury shares are resold on Bursa Malaysia, it will increase the NA per share of DIALOG Group if DIALOG realises a capital gain from such resale, and vice versa.

5.4 Working Capital

The implementation of the Proposed Renewal of Share Buy-Back Authority will reduce the working capital of DIALOG Group, the quantum of which depends on, amongst others, the number of Shares eventually purchased and the purchase price of those Shares.

For Shares so purchased which are retained as treasury shares, the working capital of the Company will increase upon its resale. In this respect, the quantum of the increase in working capital depends on the actual selling price of the treasury shares and the number of treasury shares sold.

5.5 Earnings

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings per share of the DIALOG Group will depend on the purchase price of Shares and the effective funding cost or loss in interest income to the Group, whilst the purchase of Shares will result in a lower number of shares being taken into account for purposes of earnings per share computation.

5.6 Public Shareholding Spread

The existing public shareholding spread of the Company as at the LPD and the resulting public shareholding spread of the Company, assuming the Company purchases ten percent (10%) of its total number of issued ordinary shares, are as follows:-

| | As at the LPD | After the Proposed Renewal of Share Buy-Back Authority | |
|----------------------------|------------------|---|------------|
| | | Scenario 1 | Scenario 2 |
| Public Shareholding Spread | 78.0% | 75.5% | 75.5% |

The Board is mindful of the requirement to maintain the public shareholding spread of at least twenty-five percent (25%) and will continue to be mindful of the requirement when making purchases of any Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

5.7 Dividends

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

For the financial year ended 30 June 2022, the Company declared the following dividends: -

- Interim cash dividend of 1.30 sen per Share amounting to RM73,353,409 was paid on 28 June 2022; and
- Proposed final cash dividend of 2.10 sen per Share amounting to approximately RM118,500,000 as recommended by the Directors for the shareholders' approval at the forthcoming 34th AGM of the Company.

6. HISTORICAL SHARE PRICE

The monthly highest and lowest market prices of DIALOG Shares for the twelve (12) months preceding the date of this Statement from October 2021 to September 2022 (being the last trading month period to the LPD) are as follows:

| | High RM | Low RM |
|---|------------|-----------|
| 2021 | | |
| October | 3.06 | 2.31 |
| November | 2.97 | 2.49 |
| December | 2.65 | 2.36 |
| 2022 | | |
| January | 2.91 | 2.55 |
| February | 2.92 | 2.57 |
| March | 2.82 | 2.58 |
| April | 2.74 | 2.48 |
| May | 2.53 | 2.23 |
| June | 2.46 | 1.98 |
| July | 2.26 | 1.97 |
| August | 2.44 | 2.18 |
| September (up to LPD of 21 September 2022) | 2.43 | 2.15 |
| Last transacted market price of DIALOG Shares as at the LPD | | 2.16 |

(Source: Bloomberg)

7. IMPLICATION OF THE CODE

The Proposed Renewal of Share Buy-Back Authority is not expected to trigger any obligation to undertake a mandatory general offer under the Code as a result of its full implementation.

8. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back Authority is conditional upon the approval from the shareholders of DIALOG at the forthcoming 34th AGM.

9. PURCHASE, RESALE, TRANSFER AND CANCELLATION OF SHARES IN THE PAST TWELVE (12) MONTHS

In the past twelve (12) months preceding the LPD, the Company has not purchased or cancelled its own shares or resold and/or transferred any of its treasury shares. As at 30 June 2022, DIALOG held a total of 3,335,032 treasury shares.

Further information on the purchase of Shares by the Company is set out in Note 19 - Share Capital of the Company's Audited Financial Statements for the financial year ended 30 June 2022.

As at LPD, DIALOG held a total of 3,335,032 treasury shares at an average cost of RM1.087 per Share.

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

Save for the inadvertent increase in percentage of shareholding and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors, major shareholders of DIALOG and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

After careful consideration, the Board is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 34th AGM.

12. ANNUAL GENERAL MEETING

The 34th AGM of the Company will be held as a virtual meeting through live streaming and online remote voting from the broadcast venue at the Training Room, Level 5, DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 17 November 2022 at 10.00 a.m. for the purpose of considering and if thought fit, inter-alia, to pass the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority as Special Business as set out in Appendix 2. The Notice of AGM together with the Proxy Form are enclosed in the Annual Report of the Company for the financial year ended 30 June 2022.

If you are unable to attend and vote remotely at the 34th AGM, you are requested to deposit the Proxy Form at the Registered Office of the Company at DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia OR by electronic form via TIIH Online at <https://tiih.online>, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting remotely should you subsequently wish to do so.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and that they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the registered office of the Company at DIALOG Tower, No 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan during normal business hours on Mondays to Fridays (except public holidays) from the date of this Statement up to and including the date of the AGM:-

- (i) the Constitution of DIALOG; and
- (ii) the audited financial statements of DIALOG for the past two (2) financial year ended 30 June 2021 and 30 June 2022.

EXTRACT OF NOTICE OF THE 34TH ANNUAL GENERAL MEETING**ORDINARY RESOLUTION 7****- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

“THAT, subject to the Companies Act 2016 (“the Act”), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the requirements of any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors of the Company may deem fit in the interest of the Company provided that the aggregate number of ordinary shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued ordinary shares of the Company (“Proposed Renewal of Share Buy-Back Authority”) and THAT an amount not exceeding the total audited retained profits of the Company at the time of purchase, would be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT the authority conferred by this ordinary resolution will commence immediately upon passing of this ordinary resolution until the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) or until the expiration of the period within which the next Annual General Meeting after that date is required by law to be held.

THAT the Directors of the Company be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and THAT the Directors be and are hereby authorised to deal with DIALOG Shares so purchased, at their discretion, in the following manner:

- i. cancel the DIALOG Shares so purchased; or
- ii. retain the DIALOG Shares so purchased as treasury shares which may be dealt with in accordance with Section 127(7) of the Act; or
- iii. retain part of the DIALOG Shares so purchased as treasury shares and cancel the remainder of the DIALOG Shares,

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied from time to time by Bursa Malaysia and/or other relevant authority for the time being in force and THAT the authority to deal with the purchased DIALOG Shares shall continue to be valid until all the purchased DIALOG Shares have been dealt with by the Directors of the Company.”