

**THIS CIRCULAR AND STATEMENT 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 adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") has only conducted a limited review of contents of Part C of this Circular and Statement in relation to the Proposed ESOS (as defined below) prior to the issuance of this Circular and Statement pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia. Bursa Malaysia has not perused Part B of this Circular and Statement prior to its issuance as it is exempted from perusal. Bursa Malaysia takes no responsibility for the contents of this Circular and Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or due to your reliance upon the whole or any part of the contents of this Circular and Statement.



**DIALOG GROUP BERHAD**

(Company No. 178694-V)  
(Incorporated in Malaysia)

**PART A**

**INFORMATION ON ANNUAL GENERAL MEETING**

**PART B**

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

**PART C**

**CIRCULAR TO SHAREHOLDERS IN RELATION:**

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES OF THE COMPANY ("DIALOG SHARES") (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF DIALOG AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED ESOS")**

*Principal Adviser for Part C*



**AmInvestment Bank**

**AmInvestment Bank Berhad**

(Company No. 23742-V)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The above proposals will be tabled at the Annual General Meeting ("**AGM**") of DIALOG Group Berhad ("**DIALOG**") to be held at Ballroom 1, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 14 November 2018 at 10.00 a.m. The Notice of the AGM and the Proxy Form are enclosed in Part A of this Circular and Statement and in the Annual Report 2018 of DIALOG for the financial year ended 30 June 2018.

If you are entitled to attend and vote at the AGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you decide to do so, you must complete and lodge the original signed Proxy Form for the AGM at the registered office of DIALOG at DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the AGM or at any adjournment thereof, if you are not able to attend the AGM. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Monday, 12 November 2018 at 10.00 a.m.
Date and time of the AGM	:	Wednesday, 14 November 2018 at 10.00 a.m.

This Circular and Statement is dated 15 October 2018

**PART A:**

**INFORMATION ON ANNUAL GENERAL MEETING**

- **NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING  
AND DIVIDEND ENTITLEMENT**
- **PROXY FORM**
- **ANNUAL REPORT 2018 REQUEST FORM**

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# NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING AND DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN THAT** the Thirtieth Annual General Meeting of DIALOG Group Berhad ("DIALOG" or "the Company") will be held at **Ballroom 1, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 14 November 2018 at 10.00 a.m.** to consider the following matters:

## AGENDA

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon.                                       | (Please refer to<br>Explanatory Note 1) |
| 2. | To approve the payment of a Final Single Tier Cash Dividend of 1.8 sen per ordinary share in respect of the financial year ended 30 June 2018.   | (Resolution 1)                          |
| 3. | To re-elect Tan Sri Dr Ngau Boon Keat, the director retiring pursuant to Article 96 of the Company's Constitution.   | (Resolution 2)                          |
| 4. | To re-elect Puan Zainab Binti Mohd Salleh, the director retiring pursuant to Article 96 of the Company's Constitution.   | (Resolution 3)                          |
| 5. | To re-elect Dato' Ismail Bin Karim, the director retiring pursuant to Article 101 of the Company's Constitution.   | (Resolution 4)                          |
| 6. | To re-elect Tunku Alizakri Bin Raja Muhammad Alias, the director retiring pursuant to Article 101 of the Company's Constitution.   | (Resolution 5)                          |
| 7. | To approve the payment of Directors' fees and Board Committees' fees of RM632,000 in respect of the financial year ended 30 June 2018 (2017: RM471,000).                                     | (Resolution 6)                          |
| 8. | To approve Directors' benefits (other than Directors' fees and Board Committees' fees) up to an amount of RM600,000 from 15 November 2018 to the next Annual General Meeting of the Company. | (Resolution 7)                          |
| 9. | To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration.  | (Resolution 8)                          |

10. Special Business:-

To consider and if thought fit, to pass the following resolutions:

**(A) ORDINARY RESOLUTION 1**

**– CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"**THAT** approval be and is hereby given for Datuk Oh Chong Peng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue in office as an Independent Non-Executive Director of the Company."

**(Resolution 9)**

**(B) ORDINARY RESOLUTION 2**

**– 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."

**(Resolution 10)**

**(C) ORDINARY RESOLUTION 3**

**– PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES OF THE COMPANY ("DIALOG SHARES") (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF DIALOG AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED ESOS")**

**"THAT** subject to the approvals of all relevant regulatory authorities, including but not limited to, the approval of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and/or parties (where required) being obtained, approval be and is hereby given to the Directors of the Company to:-

- (a) establish, implement and administer the Proposed ESOS, for the benefit of all eligible employees and eligible directors of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("DIALOG Group") ("Eligible Persons"), in accordance with the provisions of the by-laws for the Proposed ESOS as set out in Appendix I of Part C of the Circular and Statement to Shareholders dated 15 October 2018 ("By-Laws") and to give effect to the Proposed ESOS with full power to consent to and to adopt such conditions, modifications, variations, and/or amendments as it may deem fit and/or as may be required by the relevant regulatory authorities;
- (b) allot and issue such number of new DIALOG Shares from time to time as may be required pursuant to the exercise of the options under the Proposed ESOS ("Options") provided that the aggregate number of new DIALOG Shares to be allotted and issued shall not at any point in time in aggregate exceed ten percent (10%) of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) and such new DIALOG Shares shall, upon issuance and allotment rank pari passu in all respects with the then existing DIALOG Shares, except that the new DIALOG Shares so issued and allotted shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the Shareholders, for which the entitlement date is prior to the date the new DIALOG Shares are credited into the relevant Central Depository System accounts of the Eligible Persons maintained by Bursa Malaysia Depository Sdn Bhd;
- (c) amend and/or modify all or any part of the Proposed ESOS from time to time provided that such amendments and/or modifications are effected in accordance with the provisions of the By-Laws;
- (d) make such applications as may be necessary at the appropriate time or times to Bursa Malaysia for the listing of and quotation for the new DIALOG Shares which may hereafter from time to time be issued and allotted pursuant to the exercise of the Options to be granted under the Proposed ESOS; and
- (e) do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds and undertakings and to make such rules or regulations or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESOS and terms of the By-Laws;

**AND THAT** the Directors be and are hereby authorised to give effect to the Proposed ESOS with full power to consent to and to adopt any such conditions, modifications, variations and/or amendments (including adopting such modifications, variations and/or amendments to the By-Laws) as it may deem fit and/or as may be required by the relevant regulatory authorities;

**AND THAT** the proposed By-Laws which is in compliance with the Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements"), be and is hereby approved."

**(Resolution 11)**

**(D) ORDINARY RESOLUTION 4**

**– PROPOSED ALLOCATION OF ESOS OPTIONS TO TAN SRI DR NGAU BOON KEAT**

**"THAT** subject to the passing of Ordinary Resolution 3 above and for so long as this approval remains in force, approval be and is hereby given to the committee of the Proposed ESOS ("ESOS Committee"), at any time and from time to time, to offer and to grant to Tan Sri Dr Ngau Boon Keat, the Executive Chairman of the Company, Options to subscribe for such number of new DIALOG Shares to be issued under the Proposed ESOS PROVIDED THAT:

- (a) not more than ten percent (10%) of the new DIALOG Shares available under the Proposed ESOS shall be granted to any individual Eligible Person, who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued DIALOG Shares (excluding treasury shares, if any);
- (b) not more than fifty percent (50%) of the total number of DIALOG Shares to be issued under the Proposed ESOS will be allocated, in aggregate to him, other Executive Directors and senior management of DIALOG Group; and
- (c) he must not be allowed to participate in the deliberation or discussion of his own allocation of Options to be issued to him under the Proposed ESOS, and in respect of allocation to persons connected with him under the Proposed ESOS;

**AND THAT** subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

**(Resolution 12)**

**(E) ORDINARY RESOLUTION 5**

**– PROPOSED ALLOCATION OF ESOS OPTIONS TO CHAN YEW KAI**

**"THAT** subject to the passing of Ordinary Resolution 3 above and for so long as this approval remains in force, approval be and is hereby given to the ESOS Committee, at any time and from time to time, to offer and to grant to Chan Yew Kai, the Executive Deputy Chairman of the Company, Options to subscribe for such number of new DIALOG Shares to be issued under the Proposed ESOS PROVIDED THAT:

- (a) not more than ten percent (10%) of the new DIALOG Shares available under the Proposed ESOS shall be granted to any individual Eligible Person, who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued DIALOG Shares (excluding treasury shares, if any);
- (b) not more than fifty percent (50%) of the total number of DIALOG Shares to be issued under the Proposed ESOS will be allocated, in aggregate to him, other Executive Directors and senior management of DIALOG Group; and
- (c) he must not be allowed to participate in the deliberation or discussion of his own allocation of Options to be issued to him under the Proposed ESOS, and in respect of allocation to persons connected with him under the Proposed ESOS;

**AND THAT** subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

**(Resolution 13)**

**(F) ORDINARY RESOLUTION 6**

**– PROPOSED ALLOCATION OF ESOS OPTIONS TO CHEW ENG KAR**

"**THAT** subject to the passing of Ordinary Resolution 3 above and for so long as this approval remains in force, approval be and is hereby given to the ESOS Committee, at any time and from time to time, to offer and to grant to Chew Eng Kar, the Executive Director of the Company, Options to subscribe for such number of new DIALOG Shares to be issued under the Proposed ESOS PROVIDED THAT:

- (a) not more than ten percent (10%) of the new DIALOG Shares available under the Proposed ESOS shall be granted to any individual Eligible Person, who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued DIALOG Shares (excluding treasury shares, if any);
- (b) not more than fifty percent (50%) of the total number of DIALOG Shares to be issued under the Proposed ESOS will be allocated, in aggregate to him, other Executive Directors and senior management of DIALOG Group; and
- (c) he must not be allowed to participate in the deliberation or discussion of his own allocation of Options to be issued to him under the Proposed ESOS, and in respect of allocation to persons connected with him under the Proposed ESOS;

**AND THAT** subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

**(Resolution 14)**

**(G) ORDINARY RESOLUTION 7**

**– PROPOSED ALLOCATION OF ESOS OPTIONS TO ZAINAB BINTI MOHD SALLEH**

"**THAT** subject to the passing of Ordinary Resolution 3 above and for so long as this approval remains in force, approval be and is hereby given to the ESOS Committee, at any time and from time to time, to offer and to grant to Zainab Binti Mohd Salleh, the Group Chief Financial Officer and Joint Company Secretary of the Company, Options to subscribe for such number of new DIALOG Shares to be issued under the Proposed ESOS PROVIDED THAT:

- (a) not more than ten percent (10%) of the new DIALOG Shares available under the Proposed ESOS shall be granted to any individual Eligible Person, who, either singly or collectively through persons connected with her, holds twenty percent (20%) or more of the issued DIALOG Shares (excluding treasury shares, if any);
- (b) not more than fifty percent (50%) of the total number of DIALOG Shares to be issued under the Proposed ESOS will be allocated, in aggregate to her, other Executive Directors and senior management of DIALOG Group; and
- (c) she must not be allowed to participate in the deliberation or discussion of her own allocation of Options to be issued to her under the Proposed ESOS, and in respect of allocation to persons connected with her under the Proposed ESOS;

**AND THAT** subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

**(Resolution 15)**



**(H) ORDINARY RESOLUTION 8**

**– PROPOSED ALLOCATION OF ESOS OPTIONS TO NGAU WU WEI**

**"THAT** subject to the passing of Ordinary Resolution 3 above and for so long as this approval remains in force, approval be and is hereby given to the ESOS Committee, at any time and from time to time, to offer and to grant to Ngau Wu Wei, person connected to the Executive Chairman, Options to subscribe for such number of new DIALOG Shares to be issued under the Proposed ESOS PROVIDED THAT:

- (a) not more than ten percent (10%) of the new DIALOG Shares available under the Proposed ESOS shall be granted to any individual Eligible Person, who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued DIALOG Shares (excluding treasury shares, if any);
- (b) not more than fifty percent (50%) of the total number of DIALOG Shares to be issued under the Proposed ESOS will be allocated, in aggregate to him, other Executive Directors and senior management of DIALOG Group; and
- (c) he must not be allowed to participate in the deliberation or discussion of his own allocation of Options to be issued to him under the Proposed ESOS, and in respect of allocation to persons connected with him under the Proposed ESOS;

**AND THAT** subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

**(Resolution 16)**

**(I) ORDINARY RESOLUTION 9**

**– PROPOSED ALLOCATION OF ESOS OPTIONS TO NGAU SUE CHING**

**"THAT** subject to the passing of Ordinary Resolution 3 above and for so long as this approval remains in force, approval be and is hereby given to the ESOS Committee, at any time and from time to time, to offer and to grant to Ngau Sue Ching, person connected to the Executive Chairman, Options to subscribe for such number of new DIALOG Shares to be issued under the Proposed ESOS PROVIDED THAT:

- (a) not more than ten percent (10%) of the new DIALOG Shares available under the Proposed ESOS shall be granted to any individual Eligible Person, who, either singly or collectively through persons connected with her, holds twenty percent (20%) or more of the issued DIALOG Shares (excluding treasury shares, if any);
- (b) not more than fifty percent (50%) of the total number of DIALOG Shares to be issued under the Proposed ESOS will be allocated, in aggregate to her, other Executive Directors and senior management of DIALOG Group; and
- (c) she must not be allowed to participate in the deliberation or discussion of her own allocation of Options to be issued to her under the Proposed ESOS, and in respect of allocation to persons connected with her under the Proposed ESOS;

**AND THAT** subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

**(Resolution 17)**

11. To transact any other ordinary business for which due notice shall have been given.

**NOTICE IS ALSO HEREBY GIVEN THAT** the Final Single Tier Cash Dividend of 1.8 sen per ordinary share held in DIALOG, if approved, will be paid on 18 December 2018 to shareholders whose names appear in the Record of Depositors at the close of business on 28 November 2018.

A depositor shall qualify for entitlement to the Final Single Tier Cash Dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28 November 2018 in respect of ordinary transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**ZAINAB BINTI MOHD SALLEH**, MIA 7672

**LIM HOOI MOOI**, MAICSA 0799764

**CHAY SIEW KIM**, MAICSA 7012266

Joint Company Secretaries

Petaling Jaya

15 October 2018

**Notes:**

- (a) Other than an exempt authorised nominee, a member of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (b) A proxy need not be a member of the Company and a member may appoint any person to be his proxy.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation under its Common Seal or the hand of its duly authorised officer or attorney.
- (d) An instrument appointing a proxy 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 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting ("AGM") or any adjournment thereof.
- (e) Members whose names appear in the Record of Depositors as at 5 November 2018 shall be regarded as members entitled to attend, speak and vote at the AGM or appoint a proxy or proxies to attend, speak and vote in his stead.
- (f) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll.

## **Explanatory Notes to the Agenda:**

### **1. Item 1 of the Agenda**

The audited financial statements are for discussion only as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, it will not be put for voting.

### **2. Item 8 of the Agenda**

The Directors' Benefits (other than Directors' fees and Board Committees' fees) comprise of meeting attendance allowances and/or other allowances to meet expenses incurred in carrying out their duties. In determining the estimated total amount, the Board has considered various factors, among others, the estimated number of meetings for the Board and its Committees.

### **3. Special Business**

#### **Item 10 of the Agenda**

##### **Resolution 9 – Continuation in office as Independent Non-Executive Director**

The proposed Resolution No. 9, if passed, will enable Datuk Oh Chong Peng to continue in office as Independent Non-Executive Director of the Company in line with the practice of the Malaysian Code on Corporate Governance 2017. He has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and has met the independence guidelines as set out in Chapter 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board has determined that Datuk Oh Chong Peng is able to bring independent and objective judgements to the Board as a whole and strongly recommended him to continue to act as an Independent Non-Executive Director of the Company.

##### **Resolution 10 – Proposed Renewal of Share Buy-Back Authority**

The proposed Resolution No. 10, if passed, will empower Directors of the Company to purchase and/or hold up to ten percent (10%) of the total number of issued ordinary shares of the Company. For further information on the Proposed Renewal of Share Buy-Back Authority, please refer to Part B of the Statement/Circular to Shareholders dated 15 October 2018 enclosed together with the Company's Annual Report 2018.

##### **Resolution 11 – Proposed ESOS**

The proposed Resolution No. 11, if passed, will empower Directors of the Company to allot and issue ordinary shares up to ten percent (10%) of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) under the Proposed ESOS. For further information on the Proposed ESOS, please refer to Part C of the Statement/Circular to Shareholders dated 15 October 2018 enclosed together with the Company's Annual Report 2018.

##### **Resolution 12 to 17 – Proposed Allocation of ESOS Options**

The proposed Resolution No. 12 to 17, if passed, will empower the Directors and/or the ESOS Committee of the Company to offer and to grant to Tan Sri Dr Ngau Boon Keat, Chan Yew Kai, Chew Eng Kar, Zainab Binti Mohd Salleh, Ngau Wu Wei and Ngau Sue Ching, options pursuant to the DIALOG Group Berhad Employees' Share Option Scheme. Ngau Wu Wei and Ngau Sue Ching are the son and daughter of Tan Sri Dr Ngau Boon Keat, respectively.

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## **STATEMENT ACCOMPANYING THE NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING OF THE COMPANY)**

(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

### **■ Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the Thirtieth Annual General Meeting of the Company.

# PROXY FORM



## DIALOG GROUP BERHAD

(Company No. 178694-V)  
(Incorporated in Malaysia)

No. of Ordinary Shares Held	
CDS Account No.	

I/We \_\_\_\_\_  
I.C./Passport/Company No. \_\_\_\_\_  
of \_\_\_\_\_  
being a member of **DIALOG GROUP BERHAD** hereby appoint \_\_\_\_\_  
I.C./Passport No. \_\_\_\_\_  
of \_\_\_\_\_

or failing him, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at **Ballroom 1, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 14 November 2018 at 10.00 a.m.** and at any adjournment thereof.

No.	Resolution	For	Against
1.	To approve the payment of a Final Single Tier Cash Dividend of 1.8 sen per ordinary share for the financial year ended 30 June 2018.		
2.	To re-elect Tan Sri Dr Ngau Boon Keat, the director retiring pursuant to Article 96 of the Company's Constitution.		
3.	To re-elect Puan Zainab Binti Mohd Salleh, the director retiring pursuant to Article 96 of the Company's Constitution.		
4.	To re-elect Dato' Ismail Bin Karim, the director retiring pursuant to Article 101 of the Company's Constitution.		
5.	To re-elect Tunku Alizakri Bin Raja Muhammad Alias, the director retiring pursuant to Article 101 of the Company's Constitution.		
6.	To approve the payment of Directors' fees and Board Committees' fees in respect of the financial year ended 30 June 2018.		
7.	To approve the payment of Directors' benefits (other than Directors' fees and Board Committees' fees) from 15 November 2018 to the next Annual General Meeting of the Company.		
8.	To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	Special Business – Ordinary Resolution 1		
10.	Special Business – Ordinary Resolution 2		
11.	Special Business – Ordinary Resolution 3		
12.	Special Business – Ordinary Resolution 4		
13.	Special Business – Ordinary Resolution 5		
14.	Special Business – Ordinary Resolution 6		
15.	Special Business – Ordinary Resolution 7		
16.	Special Business – Ordinary Resolution 8		
17.	Special Business – Ordinary Resolution 9		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2018

Signature/Common Seal of Shareholder(s)

Date: \_\_\_\_\_

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%
	=====



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**Notes**

- (a) Other than an exempt authorised nominee, a member of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (b) A proxy need not be a member of the Company and a member may appoint any person to be his proxy.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation under its Common Seal or the hand of its duly authorised officer or attorney.
- (d) An instrument appointing a proxy 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 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting ("AGM") or any adjournment thereof.
- (e) Members whose names appear in the Record of Depositors as at 5 November 2018 shall be regarded as members entitled to attend, speak and vote at the AGM or appoint a proxy or proxies to attend, speak and vote in his stead.
- (f) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll

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STAMP

The Company Secretary  
**DIALOG GROUP BERHAD**  
(Company No. 178694-V)  
DIALOG TOWER, No. 15, Jalan PJU 7/5  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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# ANNUAL REPORT 2018 REQUEST FORM

**DIALOG****DIALOG GROUP BERHAD**

(Company No. 178694-V)  
(Incorporated in Malaysia)

To : The Company Secretary  
**DIALOG GROUP BERHAD**  
DIALOG TOWER, No. 15, Jalan PJU 7/5  
Mutiarra Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Homepage : [www.dialogasia.com](http://www.dialogasia.com)

Contact Person : Ms Chay Siew Kim or Ms Soong Pooi Ling

Email : [annualreport@dialogasia.com](mailto:annualreport@dialogasia.com)

Tel. No. : + 603 7717 1111

Fax No. : + 603 7725 1032

Please send to me/us a printed copy of the DIALOG Group Berhad Annual Report 2018.

## Particular of Shareholders

Name : \_\_\_\_\_

NRIC/Passport/Co. No. : \_\_\_\_\_

CDS Account No. : \_\_\_\_\_

Address : \_\_\_\_\_  
: \_\_\_\_\_  
: \_\_\_\_\_  
: \_\_\_\_\_

Tel. No. : \_\_\_\_\_

Date : \_\_\_\_\_ Signature : \_\_\_\_\_

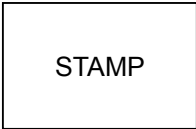
## Note to Shareholders:

The printed copy of the Annual Report will be forwarded to you within 4 market days from the date of receipt of your verbal or written request.



Fold this flap for sealing

Then fold here



The Company Secretary  
**DIALOG GROUP BERHAD**  
(Company No. 178694-V)  
DIALOG TOWER, No. 15, Jalan PJU 7/5  
Mutiara Damansara  
47810 Petaling Jaya  
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Malaysia

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**PART B:**

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



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## DEFINITIONS

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The following definitions shall apply throughout Part B of 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>Company No. 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>Company No. 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	:	18 September 2018, being the latest practical date prior to the printing of this 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 references 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, 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**

*(Company Number: 178694-V)*  
(Incorporated in Malaysia)

### **PART B: SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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#### **1. INTRODUCTION**

The shareholders of DIALOG had, at the 29<sup>th</sup> AGM of the Company held on 23 November 2017, 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 30<sup>th</sup> AGM of the Company, unless renewed by shareholders.

On 16 August 2018, the Company announced that it proposes to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority at the 30<sup>th</sup> AGM to be convened on 14 November 2018.

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 14 November 2018.

**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 RM536,392,000 based on the latest audited financial statements as at 30 June 2018.

**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 for purposes of or under an employee's share scheme;
  - (d) transferred as purchase consideration;
  - (e) cancelled subsequently; and / or
  - (f) 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

Assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full, the financial effects are set out below:

### 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 total issued ordinary shares of the Company being reduced as follows:-

	<b>Number of Ordinary Shares</b>
Total issued ordinary shares as at the LPD	5,641,642,303
<b>Maximum number of DIALOG Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority^</b>	<b>564,164,230</b>
Total issued ordinary shares after cancellation of Shares bought back	<hr/> 5,077,478,073 <hr/>

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:-

#### Directors' Shareholdings

Directors' Shareholdings	Existing shareholdings as at LPD				After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(f)</sup>	No. of Shares	% <sup>(f)</sup>	No. of Shares	% <sup>(g)</sup>	No. of Shares	% <sup>(g)</sup>
Tan Sri Dr Ngau Boon Keat	65,904,103 <sup>(a)</sup>	1.2	1,063,445,842 <sup>(b)</sup>	18.9	65,904,103	1.3	1,063,445,842	20.9
Chan Yew Kai	35,384,767 <sup>(a)</sup>	0.6	-	-	35,384,767	0.7	-	-
Datuk Oh Chong Peng	-	-	-	-	-	-	-	-
Kamariyah Binti Hamdan	1,938,614 <sup>(a)</sup>	Neg	268,158 <sup>(c)</sup>	Neg	1,938,614	Neg	268,158	Neg
Siti Khairon Binti Shariff	-	-	-	-	-	-	-	-
Dato' Ismail Bin Karim	-	-	63,472 <sup>(c)</sup>	Neg	-	-	63,472	Neg
Tunku Alizakri Bin Raja Muhammad Alias	-	-	-	-	-	-	-	-
Chew Eng Kar	11,611,760 <sup>(a)</sup>	0.2	10,038,607 <sup>(d)</sup>	0.2	11,611,760	0.2	10,038,607	0.2
Zainab Binti Mohd Salleh	7,391,879 <sup>(a)</sup>	0.1	-	-	7,391,879	0.1	-	-

## Substantial Shareholders' Shareholdings

Substantial Shareholders' Shareholdings	Existing shareholdings as at LPD			After the Proposed Renewal of Share Buy-Back Authority		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%(f)	No. of Shares	%(f)	No. of Shares	%(g)
Azam Utama Sdn Bhd	467,563,330 <sup>(a)</sup>	8.3	-	-	467,563,330	9.2
Wide Synergy Sdn Bhd	441,970,688 <sup>(a)</sup>	7.8	-	-	441,970,688	8.7
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	421,069,900 <sup>(a)</sup>	7.5	39,600,233 <sup>(e)</sup>	0.7	421,069,900	8.3
Employees Provident Fund Board	404,603,816 <sup>(a)</sup>	7.2	-	-	404,603,816	8.0
Tan Sri Dr Ngau Boon Keat	65,904,103 <sup>(a)</sup>	1.2	1,063,445,842 <sup>(b)</sup>	18.9	65,904,103	1.3
					1,063,445,842	20.9

Notes:-

Neg - Negligible.

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

<sup>(b)</sup> - Deemed interested by virtue of his interests in Azam Utama Sdn Bhd, Wide Synergy Sdn Bhd, GMC Sdn Bhd, WRN Sdn Bhd and interests held by his spouse and children.

<sup>(c)</sup> - Deemed interested by virtue of her/his spouse's interest.

<sup>(d)</sup> - Deemed interested by virtue of his interest in CEKinvt Sdn Bhd and his family trust.

<sup>(e)</sup> - Shares are held by KWAP fund manager

<sup>(f)</sup> - Based on the issued ordinary shares (less treasury shares of 3,335,032) of 5,638,307,271 Shares as at LPD.

<sup>(g)</sup> - Based on the issued ordinary shares (less treasury shares of 564,164,230) of 5,077,478,073 Shares after the Proposed Renewal of Share Buy-Back Authority.



### 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
Public Shareholding Spread	76.9%	74.3%

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 2018, the Company declared the following dividends:-

- Interim cash dividend of 1.40 sen per Share amounting to RM78,936,300 was paid on 28 June 2018; and
- Proposed final cash dividend of 1.80 sen per Share amounting to approximately RM101,500,000 as recommended by the Directors for the shareholders' approval at the forthcoming 30<sup>th</sup> AGM of the Company.

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of DIALOG Shares for the twelve (12) months preceding the date of this Statement are as follows:

	High RM	Low RM
<b>2017</b>		
September	2.11	1.98
October	2.30	2.00
November	2.49	2.16
December	2.54	2.39
<b>2018</b>		
January	2.78	2.49
February	2.80	2.49
March	3.11	2.47
April	3.20	2.91
May	3.57	2.96
June	3.46	3.06
July	3.34	3.00
August	3.56	3.25
September (up to the LPD of 18 September 2018)	3.53	3.35
Last transacted market price of DIALOG Shares as at the LPD (Source: Bloomberg)		3.49

## 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 30<sup>th</sup> 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 2018, 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 18 -Share Capital of the Company's Audited Financial Statements for the financial year ended 30 June 2018.

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 30<sup>th</sup> AGM.

## **12. ANNUAL GENERAL MEETING**

The Notice of the Thirtieth AGM to consider and if thought fit, pass the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority as set out in Part A of the Circular and Statement dated 15 October 2018 is also enclosed in the Annual Report 2018. The Thirtieth AGM will be held on Wednesday, 14 November 2018 at 10.00 a.m. at Ballroom 1, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

If you are unable to attend and vote in person at the Thirtieth AGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Proxy Form in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Company's Registered Office at DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for the Thirtieth AGM.

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

**FURTHER INFORMATION****1. DIRECTOR 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 Monday 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 consolidated financial statements of DIALOG for the past two (2) FYE 30 June 2017 and 30 June 2018.

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**PART C**

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES OF THE COMPANY ("DIALOG SHARES") (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF DIALOG AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED ESOS")**

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## DEFINITIONS

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

<b>AGM</b>	: Annual General Meeting
<b>AmInvestment Bank</b>	: AmInvestment Bank Berhad (Company No. 23742-V)
<b>Board</b>	: Board of directors of DIALOG
<b>Bursa Malaysia</b>	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
<b>By-Laws</b>	: By-Laws governing the Proposed ESOS (as may be amended, varied or supplemented from time to time in accordance with the provisions of the By-Laws), the draft of which is set out in Appendix I of this Circular
<b>Circular</b>	: Part C of the Circular and Statement dated 15 October 2018
<b>DIALOG or Company</b>	: DIALOG Group Berhad (Company No. 178694-V)
<b>DIALOG Group or Group</b>	: DIALOG, its subsidiaries and any subsidiary incorporated or acquired at any time during the tenure of the Scheme
<b>DIALOG Shares or Shares</b>	: Ordinary shares in DIALOG
<b>Executive Director</b>	: A director who holds a directorship in an executive capacity on the Offer date and is involved in the day-to-day management of DIALOG
<b>Eligible Person(s)</b>	: Eligible director(s) and/or eligible employee(s) of DIALOG Group who meet(s) the eligibility criteria to participate in the Proposed ESOS
<b>EPS</b>	: Earnings per share
<b>ESOS</b>	: Employees' Share Option Scheme
<b>ESOS Committee</b>	: A committee to be appointed and authorised by the Board to administer the Scheme in accordance with the By-Laws
<b>ESOS Option(s)</b>	: The right of a Participant to subscribe for new DIALOG Shares at the Exercise Price pursuant to an Offer duly accepted by a Participant in the manner stipulated in the By-Laws, and where the context so requires, means any part of the ESOS Option(s) that remain unexercised
<b>Exercise Price</b>	: The price per share at which a Participant shall be entitled to subscribe for new DIALOG Shares upon exercise of the ESOS Options, as set out in the By-Laws
<b>FYE</b>	: Financial year ended/ending, as the case may be
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Malaysia, as amended from time to time

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**DEFINITIONS (CONT'D)**

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<b>LPD</b>	: 18 September 2018, being the latest practicable date prior to the printing of this Circular
<b>MFRS 2</b>	: Malaysian Financial Reporting Standard 2 on “Share-Based Payment” issued by the Malaysian Accounting Standards Board
<b>NA</b>	: Net assets
<b>Offer</b>	: An award of ESOS Options made in writing by the ESOS Committee from time to time to an Eligible Person to participate in the Scheme in the manner stipulated in the By-Laws
<b>Participants</b>	: Eligible Persons who have accepted an Offer in the manner as stipulated in the By-Laws
<b>Proposed ESOS or Scheme</b>	: Proposed establishment and implementation of an ESOS of up to ten percent (10%) of the total number of issued DIALOG Shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS for the Eligible Persons
<b>RM and sen</b>	: Ringgit Malaysia and sen respectively
<b>SGD</b>	: Singapore Dollars, the lawful currency of Singapore
<b>Shareholders</b>	: Shareholders of DIALOG
<b>Tan Sri Dr Ngau</b>	: Tan Sri Dr Ngau Boon Keat
<b>VWAP</b>	: Volume weighted average market price

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular are to our Company and, save where the context otherwise requires, our subsidiaries.

All references to “**you**” in this Circular are to our shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and/or neuter gender, and *vice versa*. References to persons shall include corporations, unless otherwise specified.

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

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.



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# DIALOG

## DIALOG GROUP BERHAD

(Company No. 178694-V)  
(Incorporated in Malaysia)

### Registered Office

DIALOG TOWER  
No 15, Jalan PJU 7/5, Mutiara Damansara  
47810 Petaling Jaya, Selangor Darul Ehsan  
Malaysia

15 October 2018

### Board of Directors:

Tan Sri Dr Ngau Boon Keat	<i>(Executive Chairman)</i>
Chan Yew Kai	<i>(Executive Deputy Chairman)</i>
Datuk Oh Chong Peng	<i>(Independent Non-Executive Director)</i>
Kamariyah Binti Hamdan	<i>(Independent Non-Executive Director)</i>
Siti Khairon Binti Shariff	<i>(Independent Non-Executive Director)</i>
Dato' Ismail Bin Karim	<i>(Independent Non-Executive Director)</i>
Tunku Alizakri Bin Raja Muhammad Alias	<i>(Non-Independent Non-Executive Director)</i>
Chew Eng Kar	<i>(Executive Director)</i>
Zainab Binti Mohd Salleh	<i>(Group Chief Financial Officer and Joint Company Secretary)</i>

### To: The Shareholders of DIALOG Group Berhad

Dear Sir/ Madam,

### PROPOSED ESOS

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#### 1. INTRODUCTION

On 16 August 2018, AmlInvestment Bank had on behalf of the Board, announced that the Company proposes to undertake the Proposed ESOS.

Subsequently, on 25 September 2018, AmlInvestment Bank had, on behalf of the Board, announced that Bursa Malaysia had vide its letter dated 24 September 2018, granted its approval for the listing of such number of new DIALOG Shares to be issued pursuant to the exercise of the ESOS Options, representing up to 10% of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the ESOS pursuant to the Proposed ESOS on the Main Market of Bursa Malaysia.

The approval of Bursa Malaysia is subject to the conditions as set out in Section 6 of this Circular.

**THE PURPOSE OF PART C OF THE CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ESOS AND TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS IN RELATION TO THE PROPOSED ESOS WHICH WILL BE TABLED AT THE FORTHCOMING AGM. THE NOTICE OF AGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AT THE FORTHCOMING AGM.**

## **2. PROPOSED ESOS**

The Company proposes to establish and implement the Scheme which will be valid for a duration of ten (10) years. The Proposed ESOS will involve the granting of ESOS Options to the Eligible Persons to subscribe for new DIALOG Shares at the Exercise Price, in accordance with the By-Laws.

The Scheme will be administered by the ESOS Committee, which will have discretion in administering the Scheme including prescribing financial and performance criteria and such conditions as it may deem fit. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee (including any selection), may be exercised at the ESOS Committee's sole discretion in accordance with the terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities under the By-Laws.

Subject to the prevailing legislation and Listing Requirements, the ESOS Options will be satisfied by way of issuance of new DIALOG Shares.

### **2.1 Principal features of the Proposed ESOS**

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

#### **2.1.1 Maximum number of DIALOG Shares available under the Proposed ESOS**

The maximum number of the new DIALOG Shares which may be allotted and issued under the Scheme shall be up to ten percent (10%) of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the Scheme.

#### **2.1.2 Basis of allotment and maximum entitlement**

Subject to any adjustments which may be made under the By-Laws, the maximum number of new DIALOG Shares comprised in the ESOS Options that may be offered and allotted to an Eligible Person shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the Eligible Person's position, performance, length of service and seniority in DIALOG Group respectively, or such other matters that the ESOS Committee may in its discretion deem fit subject to the following conditions:

- (i) that the number of new DIALOG Shares to be issued under the Scheme shall not exceed the amount stipulated in Section 2.1.1 of the Circular;
- (ii) that not more than ten percent (10%) of the Shares available under the Scheme at the point in time when an Offer is made, be granted to any individual Eligible Person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued DIALOG Shares (excluding treasury shares, if any);
- (iii) that not more than fifty percent (50%) of the total number of DIALOG Shares to be issued under the Scheme will be allocated in aggregate to the Executive Directors and senior management of the Group who are Eligible Persons; and
- (iv) that the Executive Directors and senior management of the Group do not participate in the deliberation or discussion of their respective allocation and the allocation to any persons connected with them.

The aggregate maximum allocation to the Executive Directors and senior management of the Group was arrived at after taking into consideration, *inter-alia*, the number of Executive Directors and senior management who are eligible to participate in the Proposed ESOS, as well as the number of ESOS Options that may be awarded to each

Executive Director and senior management based on, amongst others, their position, seniority, length of service and contribution to the Group.

The ESOS Committee shall decide in relation to the ESOS Options, amongst others, the date of the Offer and the condition(s). As at the LPD, the Company has yet to ascertain any vesting period and performance target and/or criteria, which will take into consideration, amongst others, the Group's financial performance and the Eligible Person's individual performance over the vesting period, that must be achieved prior to the vesting or the exercise of the ESOS Options. In any event, such vesting period and performance target / criteria will be determined by the ESOS Committee.

For information purpose, unless the context otherwise requires, "persons connected with an Eligible Person" or "persons connected with a director" shall have the meaning given to "Persons Connected" as defined in Paragraph 1.01 of the Listing Requirements.

### **2.1.3 Eligibility**

Any person who is:

- (a) an Executive Director; and/or
- (b) employee of a corporation in DIALOG Group

who meets the following criteria as at the date of Offer shall be eligible for consideration and selection by the ESOS Committee:

- (i) the Executive Director or employee must satisfy the following:
  - (a) if he is employed on a full time basis and is on the payroll of any corporation in the DIALOG Group and has not served a notice to resign or received a notice of termination; or
  - (b) if he is serving in a specific designation under an employment contract for a fixed duration excluding those who are employed on a short-term contract or any other employees under contract as may be determined by the ESOS Committee;
- (ii) if his employment has been confirmed in writing and not under a probationary period;
- (iii) if he has attained the age of eighteen (18) years, is not an undischarged bankrupt and is not subject to any bankruptcy proceedings; and
- (iv) if he fulfils any other criteria and/or falls within such category as may be set by the ESOS Committee from time to time.

The specific allocation of ESOS Options granted under the Scheme to any Eligible Person who is a director, chief executive officer, major shareholder of DIALOG or person connected with them shall be approved by the Shareholders at a general meeting.

Eligibility for consideration under the Scheme does not confer an Executive Director or employee with any rights whatsoever under or to participate in the Scheme.

The selection of any Executive Director or employee for participation in the Scheme shall be made by the ESOS Committee whose decision shall be final and binding.

In the event an Executive Director becomes a non-executive director, the person shall:

- (i) continue to be entitled to exercise the ESOS Options offered to him during his tenure as an Executive Director in accordance with the By-Laws; and
- (ii) not be entitled to receive any further ESOS Options during his duration as a non-executive director.

#### **2.1.4 Duration of the Scheme**

The Proposed ESOS shall be in force for a duration of ten (10) years from the effective date of the implementation of the Scheme, being the date of full compliance with all the relevant requirements of the Listing Requirements in relation to the Proposed ESOS.

The ESOS Committee shall have the sole and absolute discretion in determining whether ESOS Options will be offered in one (1) single offer or several offers, where the vesting of ESOS Options comprised in those offers is staggered or made in several tranches over the duration of the Scheme, of which such determination will be made after the establishment of the Proposed ESOS.

#### **2.1.5 Exercise Price**

Subject to any adjustments made in accordance with the provisions of the By-Laws, the Exercise Price at which the Participants are entitled to subscribe for new DIALOG Shares shall be determined by the ESOS Committee based on the five (5)-day VWAP of DIALOG Shares, as quoted on Bursa Malaysia, immediately preceding the date of Offer, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Malaysia or any other relevant authorities from time to time during the duration of the Scheme.

The Exercise Price as determined by the ESOS Committee shall be conclusive and binding on the Participants and shall be subject to any adjustments in accordance with the By-Laws, where applicable.

#### **2.1.6 Ranking of the new DIALOG Shares**

The new DIALOG Shares to be allotted and issued upon any exercise of the ESOS Options shall upon allotment and issue, rank *pari passu* in all respects with the then existing issued DIALOG Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such DIALOG Shares.

#### **2.1.7 Retention period**

The Company encourages the Participants to hold the DIALOG Shares received via the Proposed ESOS as a long-term investment, and not for any speculative purpose and/or for the realisation of any immediate gains.

Accordingly, the DIALOG Shares issued pursuant to the Proposed ESOS may be subject to a retention period and/or such other restrictions on transfer as the ESOS Committee in its discretion deems fit, which is envisaged to take into consideration factors such as, *inter alia*, the Eligible Person's appraisal feedback as well as his/her position and seniority within the Group,.

#### **2.1.8 Costs and expenses**

All fees, costs and expenses incurred in relation to the Proposed ESOS including but not limited to the fees, costs and expenses in respect of the issue and allotment of the new DIALOG Shares upon the exercise of any ESOS Options, shall be borne by the Company.

Notwithstanding the above, the Participant shall bear any fees, costs and expenses incurred in relation to his acceptance and exercise of the ESOS Options under the Scheme and any holding or dealing of new Shares to be allotted and issued pursuant to the exercise of the ESOS Options, including but not limited to brokerage commissions and stamp duties.

### **2.1.9 Alteration of share capital**

In the event of any alteration in the capital structure of DIALOG during the duration of the Scheme whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of DIALOG Shares, capital reduction or any other variations of capital, the ESOS Committee, in accordance with the By-Laws, shall have the discretion to determine whether the Exercise Price and/or number of unexercised ESOS Options shall be adjusted, and if so, the manner in which such adjustments should be made.

Such adjustments (other than on a bonus issue, subdivision or consolidation of shares) must be confirmed in writing by either the external auditors of DIALOG or principal advisers (acting as experts and not as arbitrators).

Nonetheless, adjustments shall not apply where the alteration of the capital structure in DIALOG arises from, amongst others, issuance of securities as consideration or part-consideration for an acquisition of assets and/or business, or a special issue or private placement or any purchase by DIALOG of its own Shares or any conversion of convertibles.

### **2.1.10 Amendments / modifications to the By-Laws**

Subject to the compliance with the Listing Requirements and the approvals of any other authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendment to or deletions of the By-Laws as it shall at its discretion think fit.

The approval of the Shareholders in a general meeting shall not be required in respect of additions or amendments to or modification and/or deletions of the By-Laws provided that no such additions, modifications or amendments to or deletions of the By-Laws shall be made which will:

- (i) prejudice any rights which have accrued to any Participant without the prior consent of that Participant;
- (ii) increase the number of new DIALOG Shares available under the Scheme beyond the maximum number of DIALOG Shares available; or
- (iii) alter any matter which are required to be contained in the By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Person(s) and/or Participant(s).

### **2.1.11 Termination of the Scheme**

The Scheme may be terminated by the Company at any time during the duration of the Scheme and the Company shall make an announcement immediately to Bursa Malaysia.

The announcement shall include:

- (i) the effective date of termination;
- (ii) the number of ESOS Options exercised; and
- (iii) the reasons and justification for termination.

## 2.2 Proposed Specific Allocation

As part of the implementation of the Proposed ESOS, the Board seeks the approval of the Shareholders in accordance with the Listing Requirements and By-Laws, for the ESOS Committee to offer and grant specific allocation of ESOS Options to the following Executive Directors and persons connected to them, subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws and the allocation of the ESOS Options as stated in Section 2.1.2 above:

Tan Sri Dr Ngau (*Executive Chairman*)

Chan Yew Kai (*Executive Deputy Chairman*)

Chew Eng Kar (*Executive Director*)

Zainab Binti Mohd Salleh (*Group Chief Financial Officer and Joint Company Secretary*)

Ngau Wu Wei <sup>(1)</sup>

Ngau Sue Ching <sup>(2)</sup>

### Notes:

1) Ngau Wu Wei (*Director – Corporate Strategy*) is the son of Tan Sri Dr Ngau.

2) Ngau Sue Ching (*General Manager – Corporate Services*) is the daughter of Tan Sri Dr Ngau.

## 2.3 Utilisation of proceeds

The proceeds to be received by DIALOG pursuant to the exercise of the ESOS Options will depend on, *inter-alia*, the number of ESOS Options granted and exercised at the relevant point in time and the Exercise Price, which are not determinable at this juncture. Any proceeds from the exercise of ESOS Options are expected to be used for working capital requirements of the Group.

## 3. RATIONALE FOR THE PROPOSED ESOS

The employees of DIALOG have been the driving force behind the Group's strong economic performance and will continue to be one of the Group's most critical and valued assets.

In line with the above, the Board believes that the Proposed ESOS will act as a long term incentive plan, of which the opportunity to directly participate in the equity of the Company will align the interests of the Eligible Persons with the long-term objectives of the Group to create sustainable value enhancement for Shareholders.

The Proposed ESOS's intended purpose is to:

- (i) provide an incentive to drive and motivate the Eligible Persons towards better performance, and work towards achieving the Group's goals and objectives;
- (ii) reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company; and
- (iv) attract prospective skilled talent and experienced employees to join and contribute to the Group by making its total compensation package more attractive and competitive.

## 4. EFFECTS OF THE PROPOSED ESOS

### 4.1 Share capital

The Proposed ESOS is not expected to have any immediate effect on the existing share capital of DIALOG. The share capital of the Company will increase progressively depending on the number of new Shares that may be issued in connection with the Proposed ESOS.

For illustration purposes, assuming the maximum number of ESOS Options are granted and vested, the proforma effects of the Proposed ESOS on the share capital of the Company are as follows:

	Number of DIALOG Shares (‘000)	RM (‘000)
As at the LPD (excluding treasury shares)	5,638,307	1,684,287
To be issued pursuant to the Proposed ESOS	563,830	1,767,607 <sup>(1)</sup>
<b>After the Proposed ESOS</b>	<b>6,202,137</b>	<b>3,451,894</b>

**Note:**

1) Assuming new DIALOG Shares pursuant to the Proposed ESOS are issued at an illustrative Exercise Price of RM3.135, which represents a discount of approximately 10% to the five (5)-day VWAP of DIALOG Shares up to and including the LPD of RM3.483 per DIALOG Share.

### 4.2 Substantial shareholders' shareholdings

The Proposed ESOS will not have any immediate effect on the shareholdings of DIALOG's substantial shareholders until and unless new Shares are issued to Eligible Persons.

Any potential effect on the shareholdings will depend on the number of new Shares to be issued pursuant to the Proposed ESOS at the relevant point in time.

### 4.3 Net assets ("NA") and gearing

The Proposed ESOS will not have an immediate effect on the NA and NA per Share of DIALOG until such time the ESOS Options are granted. Any potential effect on the NA and NA per Share of DIALOG would depend on the number of ESOS Options granted, vested and/or exercised at the material point in time as well as the fair value of the ESOS Options to be granted and the Exercise Price.

The Proposed ESOS is not expected to have any material effect on DIALOG's gearing level.

### 4.4 Earnings and earnings per share ("EPS")

The Proposed ESOS is not expected to have any immediate material effect on the earnings and EPS of the Group until such time when the ESOS Options are granted. In accordance with MFRS 2, the Proposed ESOS will result in a charge to the earnings of the Group over the period from the grant date to the vesting date of the ESOS Options.

However, the potential effect of the Proposed ESOS on the earnings and EPS of the Group cannot be determined at this juncture as it would depend on, amongst others, the number of ESOS Options granted and exercised and the various factors that affect the fair value of the ESOS Options at the relevant point in time.

The Board has taken note of the potential effect of MFRS 2 on the earnings of the Group and will take proactive measures to manage the earnings impact in the granting of ESOS Options.



#### **4.5 Convertible securities**

As at the LPD, DIALOG does not have any outstanding convertible securities.

#### **5. TENTATIVE TIMETABLE FOR THE IMPLEMENTATION OF THE PROPOSED ESOS**

Barring any unforeseen circumstances, DIALOG expects to implement the Proposed ESOS by the fourth (4<sup>th</sup>) quarter of calendar year 2018.

#### **6. APPROVALS REQUIRED**

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

- (i) the approval of Bursa Malaysia for the listing of the new DIALOG Shares to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Malaysia which was obtained vide its letter dated 24 September 2018 subject to, amongst others, the following conditions:
  - (a) AmInvestment Bank is required to submit a confirmation to Bursa Malaysia of full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed ESOS; and
  - (b) DIALOG is required to furnish Bursa Malaysia on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of ESOS Options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable;
- (ii) the approval of Shareholders at the AGM to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed ESOS is not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by the Company.

#### **7. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save as disclosed below and the Proposed ESOS which is the subject matter of this Circular, there are no other corporate proposals which have been announced by DIALOG but have yet to be completed as at the LPD.

On 5 April 2018, Dialog Pengerang Sdn. Bhd., a wholly owned subsidiary of the Company, had signed a Memorandum of Understanding with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated) ("**SSI**") to outline the understanding between the said parties for Pengerang CTF Sdn. Bhd., which is currently an indirect wholly owned subsidiary of the Company, to develop common tankage facilities (including shared infrastructure) and deepwater marine facilities to support and promote the petroleum and petrochemical storage and handling tank terminal business to be constructed and carried out as Pengerang Deepwater Terminals Phase 3. Phase 3 will be developed on the land located next to Phase 2 within Pengerang Deepwater Terminals of approximately 300 acres and the indicative initial cost of investment is approximately RM2.5 billion. The Company, State Government of Johor Darul Ta'zim and SSI are currently in discussions to establish the joint venture.

## 8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

All Executive Directors of DIALOG are entitled to participate in the Proposed ESOS. The Executive Directors are therefore interested in the Proposed ESOS only in respect of their respective allocation under the Proposed ESOS, as well as in respect of the allocation to persons connected with them (if any) under the Proposed ESOS.

The Executive Directors have abstained and will continue to abstain from all deliberations and voting in respect of the specific allocation of ESOS Options to themselves as well as the specific allocation to any persons connected with them (if any) at the relevant Board meetings.

Further, the Executive Directors will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in DIALOG on the resolutions pertaining to any specific allocation of ESOS Options to themselves, as well as the specific allocation to any persons connected with them under the Proposed ESOS at the shareholders' meeting to be convened.

The major shareholder of DIALOG, namely, Tan Sri Dr Ngau who is also the Executive Chairman of the Company, is an Eligible Person under the Proposed ESOS. He will abstain from voting in respect of his direct and/or indirect shareholdings in DIALOG, on the resolutions pertaining to his specific allocation of ESOS Options as well as the specific allocation to any persons connected with him (if any) under the Proposed ESOS at the shareholders' meeting to be convened. Furthermore, Tan Sri Dr Ngau has also undertaken that he shall ensure that persons connected with him (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in DIALOG on the resolutions pertaining to their specific allocation of ESOS Options to themselves respectively, as well as the specific allocation to any persons connected with them under the Proposed ESOS at the shareholders' meeting to be convened.

The details of the directors' shareholdings in the Company as at the LPD are as below:

	As at the LPD			
	Direct		Indirect	
	No. of DIALOG Shares	% <sup>(6)</sup>	No. of DIALOG Shares	% <sup>(6)</sup>
Tan Sri Dr Ngau	65,904,103 <sup>(1)</sup>	1.17	1,063,445,842 <sup>(2)</sup>	18.86
Chan Yew Kai	35,384,767 <sup>(1)</sup>	0.63	-	-
Datuk Oh Chong Peng	-	-	-	-
Kamariyah Binti Hamdan	1,938,614 <sup>(1)</sup>	0.03	268,158 <sup>(3)</sup>	0.00
Siti Khairon Binti Shariff	-	-	-	-
Dato' Ismail Bin Karim	-	-	63,472 <sup>(4)</sup>	0.00
Tunku Alizakri Bin Raja Muhammad Alias	-	-	-	-
Chew Eng Kar	11,611,760 <sup>(1)</sup>	0.21	10,038,607 <sup>(5)</sup>	0.18
Zainab Binti Mohd Salleh	7,391,879 <sup>(1)</sup>	0.13	-	-

### Notes:

- 1) Shares are held in own name and/or nominee account(s).
- 2) Deemed interested by virtue of his interest in Azam Utama Sdn Bhd, Wide Synergy Sdn Bhd, GMC Sdn Bhd and WRN Sdn Bhd, and interests held by his spouse and children.
- 3) Deemed interested by virtue of her spouse's interest.
- 4) Deemed interested by virtue of his spouse's interest.
- 5) Deemed interested by virtue of his interest in CEKinvst Sdn Bhd and his family trust.
- 6) Based on the Company's issued ordinary shares as at the LPD less treasury shares.

## **9. DIRECTORS' STATEMENT AND RECOMMENDATION**

The Board, having considered all aspects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interests of the Company.

Accordingly, the Board (save for the Executive Directors, who have abstained from expressing any opinion in respect of their respective allocation under the Proposed ESOS and in respect of the allocation to persons connected with them (where applicable) under the Proposed ESOS) recommends that you vote in favour of the resolutions pertaining to the Proposed ESOS.

## **10. AGM**

The resolutions pertaining to the Proposed ESOS are set out in the Notice of AGM, which have been set out in Part A of the Circular and Statement dated 15 October 2018.

The AGM, the Notice of which is set out in Part A of the Circular and Statement dated 15 October 2018, will be held at Ballroom 1, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 14 November 2018 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, *inter-alia*, the resolutions to give effect to the Proposed ESOS.

If you are unable to attend and vote in person at the AGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive 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 not less than forty-eight (48) hours before the time fixed for the holding of the AGM or at any adjournment thereof.

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

## **11. FURTHER INFORMATION**

You are requested to refer to the enclosed appendices of this Circular for further information.

Yours faithfully  
For and on behalf of the Board of  
**DIALOG GROUP BERHAD**

**Tan Sri Dr Ngau Boon Keat**  
Executive Chairman

**DIALOG GROUP BERHAD****("Company" or "DIALOG")****DRAFT BY-LAWS OF THE DIALOG GROUP BERHAD EMPLOYEES' SHARE OPTION SCHEME****BY-LAWS****1. DEFINITIONS**

1.1 In these By-Laws, except where the context otherwise requires, the following expressions shall have the following meanings:

"Adviser"	:	A corporate finance adviser that may act as a principal adviser under the Securities Commission Malaysia's Principal Adviser Guidelines (as amended from time to time)
"Affected Participant"	:	Has the meaning given in By-Law 28.1
"Board"	:	The board of directors for the time being of DIALOG
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Malaysia"	:	Bursa Malaysia Securities Berhad (635998-W)
"By-Laws"	:	These By-Laws governing the Scheme as may be amended, modified and/or supplemented from time to time in accordance with By-Law 22
"CDS"	:	The Central Depository System governed under the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
"CDS Account"	:	The account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and dealings in such securities by that depositors of securities
"Companies Act"	:	Companies Act, 2016, and any amendments made thereto from time to time and includes any re-enactment thereof
"DIALOG"	:	DIALOG Group Berhad (178694-V) and shall, where the context admits, include its successors in title

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**APPENDIX I – DRAFT BY-LAWS (CONT'D)**

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“DIALOG Group” or “Group”	:	DIALOG and its Subsidiaries
“DIALOG Share(s)” or “Shares”	:	Ordinary share(s) in the capital of DIALOG
“Director”	:	A natural person that occupies or act in the position of director in DIALOG
“Disciplinary Action”	:	An action instituted by DIALOG or any of its Subsidiaries against an Eligible Person or Participant, as the case may be, in writing for an alleged misbehaviour, misconduct and/or any other act deemed to be unacceptable in the course of that Eligible Person or Participant’s employment, whether or not such action may give rise to a dismissal or termination of the employment contract and/or contract of service of such Eligible Person or Participant
“Effective Date”	:	The date on which this Scheme takes effect as shall be determined in accordance with By-Law 6.1
“Eligible Person”	:	Has the meaning given in By-Law 4.1
“ESOS Committee”	:	The committee to be approved by the Board pursuant to By-Law 20 to implement and administer the Scheme in accordance with these By-Laws
“Executive Director”	:	A Director who holds a directorship in an executive capacity on the Offer Date and is involved in the day-to-day management of DIALOG
“Exercise Price”	:	The price at which a Participant is entitled to subscribe for DIALOG Shares pursuant to the exercise of an Option
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Malaysia, including any amendments thereto that may be made from time to time
“Market Day”	:	A day on which the stock market of the Bursa Malaysia is open for trading in securities
“Maximum Scheme Shares”	:	Has the meaning given in By-Law 3.1
“Notice of Exercise”	:	Has the meaning given in By-Law 13.1
“Non-Executive Director”	:	A Director of DIALOG who is not an Executive Director
“Offer”	:	An offer made in writing by the ESOS Committee to an Eligible Person
“Offeror”	:	Has the meaning given in By-Law 16.1(a)
“Offer Date”	:	The date on which an Offer is made or is deemed to be made by the ESOS Committee to an Eligible Person, which shall be the date the Offer is served in accordance with By-Law 32
“Offer Period”	:	The period of thirty (30) days from the Offer Date or such other period as may be determined by the ESOS Committee having regard to the Terms of Reference, and specified in the Offer during which an Offer may be accepted

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**APPENDIX I – DRAFT BY-LAWS (CONT'D)**

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“Option”	:	The right to subscribe for new DIALOG Shares at the Exercise Price on the terms and subject to the conditions of these By-Laws
“Option Period”	:	The period during which an Option may be exercised as may be specified in the Offer, unless terminated in accordance with these By-Laws
“Participant”	:	An Eligible Person who has duly accepted an Offer in accordance with these By-Laws and “Participants” shall be construed accordingly
“Performance Period”	:	The period during which the Performance Targets as may be stipulated by the ESOS Committee and set out in the Offer are required to be performed
“Performance Targets”	:	The performance targets and/or criteria approved by the ESOS Committee, as may be stipulated by the ESOS Committee and set out in an Offer, which are to be achieved during the Performance Period
“persons connected”	:	Shall have the same meaning given in paragraph 1.01 of the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
“Scheme”	:	Scheme for the grant of Options established and governed under these By-Laws and known as the Dialog Group Berhad Employees’ Share Option Scheme
“Scheme Period”	:	The period of the Scheme as set out in By-Law 6.1
“Senior Management”	:	Such employees as the ESOS Committee may in its sole and absolute discretion determine to be senior management
“Service Period”	:	<p>The period as may be determined by the ESOS Committee and stipulated in the Offer during which a Participant:</p> <ul style="list-style-type: none"><li>(i) must remain in continuous employment and/or service with any corporation in the DIALOG Group; and</li><li>(ii) must not have given a notice to resign or received a notice of termination</li></ul>
“Subsidiaries”	:	<p>Subsidiaries of DIALOG as defined in the Companies Act which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period but exclude:</p> <ul style="list-style-type: none"><li>(i) subsidiaries which have been divested in the manner provided in By-Law 27; and</li><li>(ii) any such subsidiary of DIALOG which, the Board and/or the ESOS Committee, in its sole and absolute discretion determine shall not fall within this expression.</li></ul>

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**APPENDIX I – DRAFT BY-LAWS (CONT'D)**

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“Terms of Reference”	:	The terms of reference which the Board may establish to regulate and govern the ESOS Committee’s functions and/or responsibilities under these By-Laws, as amended from time to time
“Unexercised Options”	:	Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the Option Period has not expired
“Vesting Date(s)”	:	The date or dates on which the Options or any part or proportion thereof granted shall vest in the Participant, as stipulated by the ESOS Committee in the Offer

**1.2 In these By-Laws:**

- (a) the headings and sub-headings herein are inserted for convenience only and shall not affect the interpretation of these By-Laws;
- (b) any reference to a statutory provision or an applicable law shall include a reference to:
  - (i) any and all subsidiary legislation made from time to time under that provision or law;
  - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Malaysia and/or the Securities Commission Malaysia (in each case, 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 by Bursa Malaysia and/or the Securities Commission Malaysia);
  - (iii) 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 Offer made, offered and/or accepted within the duration of the Scheme Period; and
  - (iv) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) any liberty, power or discretion which may be exercised or any decision or determination which may be made hereunder by the ESOS Committee (including any selection) may be exercised in the ESOS Committee’s sole and absolute discretion having regard only to the Terms of Reference (where applicable) and the ESOS Committee shall not be under any obligation to give any reasons therefor, except as may be required by the relevant authorities;
- (d) if an event is to occur 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; and
- (e) words denoting one gender include all other genders and words denoting the singular include the plural and vice versa.

**2. THE SCHEME**

- 2.1 The Scheme shall be called the “Dialog Group Berhad Employees’ Share Option Scheme”.**

**3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 3.1 Subject to By-Law 3.2, the maximum number of DIALOG Shares to be allotted and issued pursuant to the Scheme shall not, at any point in time, when aggregated with the total number of new DIALOG Shares allotted and issued and/or to be allotted and issued under any other share issuance scheme involving new issuance of DIALOG Shares which may be implemented from time to time by DIALOG, exceed ten percent (10%) of the total number of issued ordinary shares of DIALOG (excluding treasury shares, if any) or such other percentage of the total number of issued ordinary shares of DIALOG (excluding treasury shares, if any) that may be permitted by Bursa Malaysia or any other relevant authorities from time to time during the Scheme Period ("**Maximum Scheme Shares**").
- 3.2 In the event DIALOG purchases or cancels its own shares in accordance with the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its total number of issued ordinary shares (excluding treasury shares, if any), the following provisions shall apply in respect of future Offers (provided that all the valid Offers which are pending acceptances, and Options that have not been vested and/or Options that have been vested, prior to such purchase and/or reduction of the total number of issued ordinary shares of DIALOG shall remain valid or exercisable in accordance with the provisions of the Scheme as if that reduction/adjustment had not occurred):
- (a) if, after such purchase, cancellation and/or reduction, the aggregate number of DIALOG Shares in respect of the Options granted (whether or not exercised) by DIALOG as at the date of purchase, cancellation and/or reduction of Shares is greater than the Maximum Scheme Shares, no further Offers shall be made by the ESOS Committee until such aggregate number of DIALOG Shares to be issued under the Scheme falls below the Maximum Scheme Shares; and
  - (b) if, after such purchase, cancellation and/or reduction, the aggregate number of DIALOG Shares in respect of the Options granted (whether or not exercised) by DIALOG as at the date of purchase, cancellation and/or reduction of Shares is less than the Maximum Scheme Shares, the ESOS Committee may make further Offers but only until such aggregate number of DIALOG Shares to be issued under the Scheme is equivalent to the Maximum Scheme Shares after such purchase, cancellation and/or reduction.

**4. ELIGIBILITY**

- 4.1 Any person who is:

- (a) an Executive Director; and/or
- (b) an employee of a corporation in the DIALOG Group,

who meets the following criteria as at the Offer Date shall be eligible for consideration and selection by the ESOS Committee ("**Eligible Person**"):

- (a) the Executive Director or employee must satisfy the following:
  - (i) if he is employed on a full time basis and is on the payroll of any corporation in the DIALOG Group and has not served a notice to resign or received a notice of termination; or
  - (ii) if he is serving in a specific designation under an employment contract for a fixed duration excluding those who are employed on a short-term contract or any other employees under contract as may be determined by the ESOS Committee;
- (b) if his employment has been confirmed in writing and not under a probationary period;



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**APPENDIX I – DRAFT BY-LAWS (CONT'D)**

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- (c) if he has attained the age of eighteen (18) years, is not an undischarged bankrupt and is not subject to any bankruptcy proceedings; and
  - (d) if he fulfils any other criteria and/or falls within such category as may be set by the ESOS Committee from time to time.
- 4.2 Notwithstanding By-Law 4.1, the specific allocation of Options granted by DIALOG to any Eligible Person who is a Director, chief executive officer, major shareholder of DIALOG or person connected with them under the Scheme, shall be approved by the shareholders of DIALOG at a general meeting.
- 4.3 Notwithstanding By-Laws 4.1, the ESOS Committee may from time to time, at its sole and absolute discretion select and identify suitable persons to be offered the Options. In the event any Eligible Persons is a member of the ESOS Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own respective selection and allocation of Options to themselves or any person connected with them.
- 4.4 Eligibility for consideration under the Scheme does not confer an Executive Director or employee with any rights whatsoever under or to participate in the Scheme.
- 4.5 The selection of any Executive Director or employee for participation in the Scheme shall be made by the ESOS Committee whose decision shall be final and binding.
- 4.6 In the event an Executive Director becomes a Non-Executive Director, the person shall not be entitled to receive any further Offers during his duration as a Non-Executive Director.
- 4.7 Notwithstanding By-Law 4.6, in the event the Executive Director becomes a Non-Executive Director, the Non-Executive Director shall continue to be entitled to exercise the Options offered to him during his tenure as an Executive Director in accordance with these By-Laws.

## **5. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION**

- 5.1 Subject to any adjustments which may be made under By-Law 18, the aggregate maximum number of Options that may be granted to an Eligible Person shall be determined entirely at the sole and absolute discretion of the ESOS Committee ("**Maximum Allowable Allocation**") provided that:
  - (a) the Executive Directors and Senior Management do not participate in the deliberation or discussion of their own allocation and the allocation to any person connected with them;
  - (b) no allocation of more than fifty percent (50%) of the total Options shall be made in aggregate to the Executive Directors and Senior Management of the DIALOG Group; and
  - (c) no allocation of more than ten percent (10%) of the Maximum Scheme Shares shall be made to any Eligible Person who, either singly or collectively through persons connected with them, holds more than twenty percent (20%) of the total number of issued ordinary shares of DIALOG (excluding treasury shares, if any).

- 5.2 Subject to By-Law 5.1 and any adjustments which may be made under By-Law 18, the ESOS Committee shall determine, at its sole and absolute discretion, the actual number of Options to be allocated to a Participant and the vesting period (if any) after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the duration of the Scheme Period relating to employees' and/or director's share issuance scheme and various factors pertaining to the Participant such as position, ranking, performance, seniority, the length of service, contribution and potential contribution to the continued success of the Group and any other factors deemed appropriate by the ESOS Committee.
- 5.3 The ESOS Committee shall ensure that:
- (a) the allocation of DIALOG Shares to Participants is verified at the end of each financial year of DIALOG by DIALOG's audit committee, as being in compliance with the criteria referred to in By-Law 5.1; and
  - (b) a statement by the audit committee, verifying such allocation, is included in DIALOG's annual report.
- 5.4 In the event a Participant is promoted, such promoted Participant may be eligible for consideration for additional Options to be decided by the ESOS Committee at its sole and absolute discretion provided that the Maximum Scheme Shares has not been exceeded. The ESOS Committee, however, has the sole and absolute discretion not to make any further Offer in the event the balance of the DIALOG Shares available is inadequate to make a meaningful additional allotment.
- 5.5 In the event a Participant is demoted to a lower grade for any reason whatsoever, such Participant shall only be entitled to the allocation of that lower grade unless an Offer has been made and accepted by him before such demotion. Where he has accepted an Offer which exceeds the Maximum Allowable Allotment applicable to that lower grade, he shall not be entitled to any further allocation.

## **6. SCHEME DURATION AND TERMINATION OF THE SCHEME**

- 6.1 The effective date on which the Scheme takes effect shall be such date after all of the following conditions have been fulfilled or satisfied ("**Effective Date**"):
- (a) receipt of the approval or approval-in-principle, as the case may be, of Bursa Malaysia for the listing of and quotation for the DIALOG Shares on Bursa Malaysia to be issued pursuant to the Scheme;
  - (b) approval of the shareholders of DIALOG in a general meeting for the Scheme;
  - (c) the submission to Bursa Malaysia of the final copy of the By-Laws;
  - (d) receipt of approval of any other relevant authorities, where applicable; and
  - (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the above mentioned approvals (if any).

The Scheme shall take effect on the Effective Date and shall continue to be in force for a period of ten (10) years ("**Scheme Period**").

- 6.2 Within five (5) Market Days from the Effective Date, DIALOG shall through the Adviser submit a confirmation letter to Bursa Malaysia of full compliance with approvals and/or conditions set out in By-Law 6.1 stating the Effective Date of the Scheme, together with a certified true copy of the relevant resolution passed by the shareholders of DIALOG in the general meeting approving the Scheme.

6.3 Notwithstanding anything set out in these By-Laws and subject always to compliance with Bursa Malaysia and any other applicable law, the Scheme may be terminated by DIALOG at its sole and absolute discretion upon recommendation by the ESOS Committee at any time during the Scheme Period by written notice to the affected Participants, without obtaining the approvals from the Participants whereupon no further Options shall be vested, no further Offer shall be made by the ESOS Committee and any unaccepted Offer, Unexercised Options shall be deemed to have been terminated and cancelled and be null and void on the date specified in the notice ("**Termination Date**") provided that the ESOS Committee may in its discretion, permit the vesting of any Options to the Participant, the acceptance of any outstanding Offer by the Eligible Person, and/or the exercise of any Unexercised Options by the Participant at any time prior to the Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

6.4 The Scheme may be terminated by the Company at any time during the duration of the Scheme and the Company shall make an announcement immediately to Bursa Malaysia and comply with the requirements of Bursa Malaysia or any other relevant authorities. The announcement shall include:

- (a) the effective date of termination;
- (b) the number of Options exercised; and
- (c) the reasons for termination.

## **7. RETENTION PERIOD**

- 7.1 The DIALOG Shares to be allotted and issued to a Participant pursuant to the Scheme may be subject to any retention period and/or such other restrictions of transfer as the ESOS Committee may in its discretion stipulate in the Offer, which is envisaged to take into consideration factors such as, *inter alia*, the Eligible Person's appraisal feedback as well as his/her position and seniority within the Group.
- 7.2 The expression "retention period" referred to in By-Law 7.1 shall mean the period in which the DIALOG Shares allotted and issued, pursuant to this Scheme must not be sold, transferred, assigned or otherwise disposed of by the Participant.

## **8. OFFER UNDER THE SCHEME**

- 8.1 The ESOS Committee may from time to time during the Scheme Period, make an Offer to an Eligible Person to participate in the Scheme. The ESOS Committee shall have the sole and absolute discretion in determining whether the Options will be offered in one (1) single offer or several offers.
- 8.2 Nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person provided always that the aggregate number of DIALOG Shares in respect of the Options granted shall not exceed the Maximum Allowable Allocation.

- 8.3 In the event the ESOS Committee decides to make more than one (1) Offer to an Eligible Person, the number of Options to be offered in each Offer shall be decided by the ESOS Committee at its sole and absolute discretion. Each Offer shall be separate and independent from the other.

## **9. TERMS OF THE OFFER**

- 9.1 The ESOS Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ.

- 9.2 The terms and conditions set out in the letter of the Offer may include the following, where applicable:

- (a) Exercise Price;
- (b) number of DIALOG Shares entitled to be received upon the exercise of the Option;
- (c) Option Period;
- (d) Offer Period;
- (e) Vesting Date(s);
- (f) Performance Targets;
- (g) Performance Period;

and may include such/any other conditions as may be deemed necessary by the ESOS Committee.

- 9.3 In the event of any error in the stating of any particulars referred to in By-Law 9.2 or otherwise in the Offer, the ESOS Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars.

## **10. EXERCISE PRICE**

- 10.1 Subject to the Listing Requirements and to any adjustment which may be made under By-Law 18, the Exercise Price shall be determined by the ESOS Committee based on the volume weighted average market price of the DIALOG Shares for the five (5) Market Days immediately preceding the Offer Date with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Malaysia or any other relevant authorities from time to time.

## **11. ACCEPTANCE OF THE OFFER**

- 11.1 An Offer may only be accepted by the Eligible Person during the Offer Period in such form and manner as may be prescribed in the Offer and shall be accompanied by a non-refundable consideration sum of Ringgit Malaysia One (RM1.00) only payable to DIALOG (regardless of the number of Shares comprised therein).
- 11.2 The date of receipt by DIALOG of such form together with the consideration sum shall be the date of acceptance of the Offer by the Eligible Person, provided that the Scheme is not terminated pursuant to By-Law 6.3.

- 11.3 Unless the ESOS Committee otherwise decides, in the event the Eligible Person fails to accept the Offer in the manner prescribed within the Offer Period, the Offer shall automatically lapse and shall then be null and void, and the Offer may, at the sole and absolute discretion of the ESOS Committee, be re-offered to other Eligible Persons in accordance with these By-Laws provided that the ESOS Committee shall not be precluded from making a fresh Offer to the Eligible Person subsequently.
- 11.4 The number of DIALOG Shares offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation for the Eligible Person. The Offer not taken up resulting from the non-acceptance of the Offer within the Offer Period shall thereafter form part of the balance of Offers under the Scheme for future Offers.
- 11.5 Upon acceptance of the Offer in accordance with these By-Laws, the Eligible Person shall be referred to as a Participant for the purposes of these By-Laws.

## **12. SATISFACTION OF CONDITIONS**

- 12.1 The determination as to whether the stipulated conditions in the Offer and criteria in By-Law 4.1 have been fulfilled shall be made by the ESOS Committee.
- 12.2 In the event the conditions stipulated in an Offer in respect of any one or more Participant cannot be fully achieved/satisfied, the ESOS Committee may in its sole and absolute discretion by notice in writing to such Participant(s), waive, vary or revise any condition stipulated in the Offer and/or impose such other conditions as the ESOS Committee deems fit in respect of the vesting of the Options to such Participants.
- 12.3 No Participant shall have any right to or interest in the DIALOG Shares or right to exercise the Options granted to him unless and until the ESOS Committee has made a determination under the provisions of By-Laws 12.1 and on and with effect from the Vesting Date or the date during the Option Period on which the Options are duly exercised and the remittance for the full amount of the monies for the DIALOG Shares in respect of which the Options are exercised is paid pursuant to By-Law 13.
- 12.4 In relation to the DIALOG Shares to be allotted and issued pursuant to an exercise of an Option, the ESOS Committee shall, within eight (8) Market Days after the ESOS Committee's receipt of the Notice of Exercise and remittance for the full amount of monies for DIALOG Shares in respect of which the Option is exercised pursuant to By-Law 13.1 (or such other period as may be prescribed or allowed by Bursa Malaysia):
- (a) credit the relevant number of DIALOG Shares into the CDS Account so notified;
  - (b) despatch a notice of allotment and issue and/or transfer of such DIALOG Shares issued pursuant to the Option to the Participant; and
  - (c) make an application for the quotation of such relevant number of DIALOG Shares issued pursuant to the Option (where applicable).

## **13. EXERCISE OF OPTIONS**

- 13.1 An Option may be exercised by a Participant within the Option Period in full or in part by notice in writing to DIALOG or the ESOS Committee in the prescribed form as may be amended from time to time during the Option Period or in any other manner as may be determined by the ESOS Committee from time to time during the Option Period ("**Notice of Exercise**").
- 13.2 The partial exercise of an Option shall not preclude the Participant from exercising the Option with respect to the balance of Shares comprised in the Options during the Option Period.

- 13.3 Every such notice or any other manner of exercise of an Option referred to in By-Law 13.1 must be in the form prescribed by the ESOS Committee as amended from time to time and be accompanied by a remittance for the full amount in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or other mode acceptable to the ESOS Committee for the full amount of the subscription monies payable for the Shares in respect of which the Option is exercised.
- 13.4 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by DIALOG in the Notice of Exercise or inaccuracy in the CDS Account number provided in the Notice of Exercise shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee, and the ESOS Committee shall inform the Participant of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Participant shall be deemed not to have exercised his/her Option.
- 13.5 Subject to the discretion of the ESOS Committee to waive any breach, failure by a Participant to comply with the procedure for an exercise of Option as stipulated in the provisions of By-Law 13 will invalidate the purported exercise of such Option by the Participant.
- 13.6 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any cost, losses, expenses, damages, liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of DIALOG in allotting and issuing and/or transferring the Shares or in procuring Bursa Malaysia to list and quote the Shares subscribed for by a Participant or any delay in receipt or non-receipt by DIALOG of the Notice of Exercise in respect of the Options or for any errors in any Offer of Options.

#### **14. DISCIPLINARY ACTIONS**

- 14.1 In the event an Eligible Person is subjected to a Disciplinary Action after an Offer is made but before the acceptance thereof by such Eligible Person, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Action made or brought against the Eligible Person. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer to such Eligible Person in the event such Disciplinary Action is dismissed and/or found in his favour, or if such Disciplinary Action is withdrawn provided that such Offer is made within the duration of the Scheme Period.
- 14.2 In the event a Participant is subjected to a Disciplinary Action, the right of the Participant to exercise any Unexercised Option shall be suspended pending the outcome of the Disciplinary Action unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Action made or brought against the Participant. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Participant to exercise any Unexercised Option in the event such Disciplinary Action is dismissed and/or found in his favour or if such Disciplinary Action is withdrawn provided that such Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESOS Committee does not reinstate such right of the Participant prior to the expiry of the Scheme Period, the Offer and acceptance thereof shall automatically lapse and shall immediately become null and void.

For the avoidance of doubt, where a Disciplinary Action is initiated against a Participant after the exercise by such Participant of his/her Option(s) in accordance with the terms of these By-Laws or after the Participant has been given the right to have the relevant number of Options vested in him on the Vesting Date, shall not affect the right of the Participant to receive the DIALOG Shares pursuant to such exercise of Option.

## **15. TERMINATION OF OFFERS AND UNEXERCISED OPTION(S)**

15.1 Subject to By-Laws 15.2 and 15.3, any Options that have yet to be vested to a Participant and/or any unaccepted Offer in respect of an Eligible Person and/or any Unexercised Option in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or ceased to be exercisable by a Participant, as the case may be, without any liability to or right to claim against DIALOG, any member of the DIALOG Group, the Board and/or the ESOS Committee upon the occurrence of any one or more of the following events:

- (a) resignation, termination or cessation of employment of an Eligible Person or Participant, for any reason;
- (b) expiry, termination or cessation of a contract of service of an Eligible Person or Participant, for any reason;
- (c) resignation, retirement or removal of an Executive Director, for any reason;
- (d) bankruptcy of an Eligible Person or Participant; or
- (e) any other circumstances prescribed by the ESOS Committee from time to time.

15.2 In the event of the termination or cessation of employment or contract of service of the Eligible Person or Participant with the DIALOG Group in any of the following circumstances:

- (a) retirement on attaining the retirement age under the DIALOG Group's retirement policy;
- (b) retirement before attaining the normal retirement age;
- (c) ill-health, injury, physical or mental disability or mental disorder;
- (d) redundancy or retrenchment, or cessation of service pursuant to the acceptance by the Eligible Person or Participant of voluntary separation scheme offered by DIALOG or a relevant member of the DIALOG Group;
- (e) transfer to any company outside the DIALOG Group at the direction of DIALOG;
- (f) termination or non-renewal of contract of service;
- (g) winding-up or liquidation of a relevant member of the DIALOG Group; or
- (h) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion;

the ESOS Committee may in its discretion permit the exercise of any Unexercised Option by the Participant at any time until a prescribed date subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred; and/or
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied;

provided that unless the ESOS Committee in its sole and absolute discretion so permits such vesting or exercise, as the case may be by notice in writing to the Participant, any unaccepted Offer and/or any Unexercised Option in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Participant and/or cease to be exercisable, as the case may be, without any liability to or right to claim against DIALOG and/or ESOS Committee.

- 15.3 The ESOS Committee shall be entitled to exercise its powers, rights and discretion conferred under By Law 15.2 in the event of death of a Participant and may permit the Participant's legal or personal representatives, or such other person nominated by the Participant to exercise the rights of the Participant.
- 15.4 Any unaccepted Offer and/or Unexercised Option that ceases to be capable of being exercised by a Participant, pursuant to this By-Law 15, will continue to be available under the Scheme.
- 15.5 Any unaccepted Offer, and/or Unexercised Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting/exercisable, as the case may be, without any claim against DIALOG and/or ESOS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of DIALOG; or
  - (b) termination of the Scheme pursuant to By-Law 6.

## **16. TAKEOVER AND DISPOSAL OF ASSETS**

- 16.1 In the event of:
- (a) a take-over offer being made for DIALOG through a general offer to acquire the whole of the issued ordinary shares of DIALOG (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional; or
  - (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to DIALOG that it intends to exercise such right on a specific date; or
  - (c) the entry into and carrying into effect of a contract where DIALOG disposes of all or a substantial portion of all of its assets,

upon determination by the ESOS Committee at its sole and absolute discretion, any Unexercised Option may immediately be exercised by a Participant at any time subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.



- 16.2 All Offers and/or Options which the ESOS Committee permits to be vested, accepted or exercisable pursuant to By-Law 16.1 shall unless the ESOS Committee in its sole and absolute discretion determine otherwise, automatically terminate, lapse and shall become null and void to the extent unvested, unaccepted or unexercised by the date prescribed by the ESOS Committee, notwithstanding that the Option Period has not commenced or expired.

**17. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 17.1 In the event of the court sanctioning a compromise or arrangement between DIALOG and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of DIALOG or its amalgamation with any other company or companies the ESOS Committee may upon determination by the ESOS Committee, permit the exercise of any Unexercised Option by the Participant at any time subject to such terms and conditions as may be prescribed, or termination of Options notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

- 17.2 All Offers and/or Options which the ESOS Committee permits to be vested, accepted or exercisable pursuant to By-Law 17.1 shall, unless the ESOS Committee in its sole and absolute discretion determine otherwise, be automatically terminated, lapse and shall become null and void to the extent unvested, unaccepted or unexercised by the date prescribed by the ESOS Committee, notwithstanding that the Option Period has not commenced or expired.

**18. ALTERATION OF CAPITAL**

- 18.1 In the event of any alteration in the capital structure of DIALOG during the Scheme Period, whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of DIALOG Shares or reduction of capital or any other variation of capital being effected, the ESOS Committee may determine whether a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of DIALOG during the Scheme Period and if it so determines (i.e. that a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of DIALOG), adjustments in:

- (a) the Exercise Price; and/or
- (b) the number of DIALOG Shares comprised in the Unexercised Options;

shall be made in order to prevent dilution or enlargement provided that no adjustments shall be made in the event of any alteration in the capital structure of DIALOG in respect of which rights/benefits arising therefrom are accrued to the Shares pursuant to By-Law 19.

- 18.2 If the ESOS Committee decides that no material dilution or enlargement of the rights of the Participants would result from an alteration in the capital structure of DIALOG and no adjustments will be made, the ESOS Committee shall inform the Participants of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.

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**APPENDIX I – DRAFT BY-LAWS (CONT'D)**

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- 18.3 Subject to By-Law 18.5, any adjustment in the Exercise Price and/or number of DIALOG Shares comprised in the Options shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall, where appropriate and to the extent possible, endeavour to give each Participant the same proportion of the issued ordinary shares of DIALOG as that to which he was previously entitled.
- 18.4 The provisions of By-Laws 18.1, 18.2 and 18.3 shall not apply where a change in the capital structure of DIALOG arises from:
- (a) the issue by DIALOG of DIALOG Shares or other securities convertible into DIALOG Shares or rights to acquire or subscribe for DIALOG Shares in consideration or part consideration for or in connection with any acquisition of any securities, assets or business by the DIALOG Group;
  - (b) a special issue, restricted issue or private placement of DIALOG Shares or other securities;
  - (c) any implementation of a share buy-back arrangement by DIALOG under Section 127 of the Companies Act 2016;
  - (d) the cancellation of all or a portion of the shares pursuant to the relevant provisions of the Companies Act;
  - (e) an issue of DIALOG Shares arising from the exercise of any conversion rights attached to securities convertible to DIALOG Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by DIALOG;
  - (f) an issue of any further Offers or Shares pursuant to the Scheme and the allotment and issuance of DIALOG Shares for the purpose of satisfying Options;
  - (g) any issue of DIALOG Shares arising from a dividend reinvestment scheme which allows DIALOG's shareholders an option to elect their cash dividend entitlements into new DIALOG Shares; and
  - (h) any issue of DIALOG Shares as share dividend as long as it is not a material capital distribution.
- 18.5 All adjustments other than a bonus issue, subdivision or consolidation of shares pursuant to this By-Law 18, shall be confirmed in writing by an approved company auditor or Adviser, who shall act as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable, and such confirmation shall be final and binding on all parties. For the purposes of these By-Laws, an approved company auditor shall have the meaning given in Section 2(1) of the Companies Act.
- 18.6 Any adjustment pursuant to this By-Law 18 shall be made in accordance with the formulae as set out below on the Market Day immediately following the entitlement date for the event giving rise to the adjustment:

- (a) If and whenever a consolidation or subdivision or conversion of DIALOG Shares occurs, then the Exercise Price shall be adjusted and the additional number of Shares comprised in the Options shall be calculated in accordance with the following formula:

$$\begin{aligned} \text{New Exercise Price} &= S \times \left[ \frac{U}{V} \right] \\ \text{Additional number of Shares comprised in the Options} &= T \times \left[ \frac{V}{U} \right] - T \end{aligned}$$

where

- S = existing Exercise Price; and
- T = existing number of Shares comprised in the Options that remains unexercised.
- U = aggregate number of Shares (excluding Shares held as treasury shares, if any) in the share capital of DIALOG immediately preceding such consolidation, subdivision or conversion; and
- V = aggregate number of Shares in the share capital of DIALOG after such consolidation, subdivision or conversion.

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

- (b) If and whenever DIALOG shall make any issue of DIALOG Shares to its ordinary shareholders of DIALOG credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the additional number of Shares comprised in the Options shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{A+B}{A} \right] - T$$

where

- A = the aggregate number of issued DIALOG Shares immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of DIALOG Shares to be issued pursuant to any allotment to ordinary shareholders of DIALOG credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature); and
- T = as T 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 DIALOG 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 DIALOG 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 DIALOG Shares or securities with rights to acquire or subscribe for DIALOG Shares,

then and in respect of each such case, Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Laws 18.5(c)(ii) and (c)(iii) hereof, the additional number of Shares comprised in the Options shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{C}{C-D^*} \right] - T$$

where

C = the Current Market Price (as defined in By-Law 18.5(h) below) of each DIALOG 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 to Bursa Malaysia or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (aa) in the case of an offer or invitation to acquire or subscribe for DIALOG Shares by way of rights under By-Law 18.5(c)(ii) above or for securities convertible into DIALOG Shares or securities with rights to acquire or subscribe for DIALOG Shares under By-Law 18.5(c)(iii) above, the value of rights attributable to one (1) DIALOG Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 18.5(c) hereof, the fair market value, as determined by an auditor of DIALOG, of that portion of the Capital Distribution attributable to one (1) DIALOG Share.

T = as T above

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

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

where

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

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

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

where

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

For the purpose of By-Law 18.5(c) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of DIALOG Shares (not falling under By-Law 18.5(b) hereof) or other securities credited as fully or partly paid-up 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 DIALOG as shown in the audited consolidated profit and loss accounts of DIALOG.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the entitlement date for the above transactions.

- (d) If and whenever DIALOG makes an allotment to its ordinary shareholders as provided in By-Law 18.5 (b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.5(c)(ii) or (c)(iii) above and the record date for the purpose of the allotment is also entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where DIALOG makes an allotment to its ordinary shareholders as provided in By-Law 18.5(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.5(c)(ii) above and the record date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Scheme comprised in the Options shall be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in Options

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

where

B = as B above;

C = as C above;

G = the aggregate number of issued DIALOG Shares on the entitlement date;

H = the aggregate number of new DIALOG Shares under an offer or invitation to acquire or subscribe for DIALOG Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into DIALOG Shares or rights to acquire or subscribe for DIALOG Shares, as the case may be;

H\* = the aggregate number of new DIALOG Shares under an offer or invitation to acquire or subscribe for DIALOG Shares by way of rights;

I = the subscription price of one (1) additional DIALOG Share under the offer or invitation to acquire or subscribe for DIALOG Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional DIALOG Share, as the case may be;

I\* = the subscription price of one (1) additional DIALOG Share under the offer or invitation to acquire or subscribe for DIALOG Shares; and

T = as T 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 DIALOG makes any offer or invitation to its ordinary shareholders to acquire or subscribe for DIALOG Shares as provided in By-Law 18.5(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for DIALOG Shares as provided in By-Law 18.5(c)(iii) above, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Shares comprised in the Options shall be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in Options

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

where

C = as C above;

G = as G above;

H = as H above;

H\* = as H\* above;

I = as I above;

I\* = as I\* above;

J = the aggregate number of DIALOG Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for DIALOG 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 DIALOG Share; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the entitlement date for the above transactions.

- (f) If and whenever DIALOG makes an allotment to its ordinary shareholders as provided in By-Law 18.5(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for DIALOG Shares as provided in By-Law 18.5(c)(ii) above, together with rights to acquire or subscribe for securities convertible into DIALOG Shares or with rights to acquire or subscribe for Shares as provided in By-Law 18.5(c)(iii) above, and the record date for the purpose of allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Shares comprised in the Options shall be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in Options

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

where

B	=	as B above;
C	=	as C above;
G	=	as G above;
H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;
J	=	as J above;
K	=	as K above; and
T	=	as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the entitlement date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of DIALOG and requiring an adjustment under By-Laws 18.5(c)(ii), (c)(iii), (d), (e) or (f) above), DIALOG shall issue either any DIALOG Shares or any securities convertible into DIALOG Shares or any rights to acquire or subscribe for DIALOG Shares, and in any such case, the Total Effective Consideration per DIALOG Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) DIALOG Share (as defined below) or, as the case may be, the price at which the DIALOG Shares will be allotted and issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

where

L	=	the number of DIALOG 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 DIALOG Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and



N = the aggregate number of DIALOG Shares so issued or, in the case of securities convertible into DIALOG Shares or rights to acquire or subscribe for DIALOG Shares, the maximum number (assuming no adjustment of such rights) of DIALOG Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 18.5(g), the “Total Effective Consideration” shall be determined by the Board with the concurrence of an auditor or relevant expert in the following manner:

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

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

For the purpose of By-Law 18.5(g), the Average Price of a DIALOG Share shall be the average price of one (1) DIALOG Share as derived from the last dealt prices for one or more board lots of DIALOG Shares as quoted on Bursa Malaysia on the Market Days comprised in the period used as a basis upon which the issue price of such DIALOG Shares is determined.

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

- (h) For the purpose of By-Laws 18.5(c), (d), (e) and (f), the “Current Market Price” in relation to one (1) DIALOG Share for any relevant day shall be the volume weighted average market price for the five (5) consecutive Market Days before such date.

- 18.7 If an event occurs that is not set out in By-Law 18.6 or if the application of any of the formulae to an event results in a manifest error or in the opinion of ESOS Committee is not appropriate, the ESOS Committee may agree to an adjustment subject to the provision of By-Law 18.3 provided that the Participants shall be notified of the adjustment through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.

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**APPENDIX I – DRAFT BY-LAWS (CONT'D)**

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18.8 In the event a fraction of an DIALOG Share arises from the adjustments pursuant to this By-Law 18, the number of DIALOG Shares shall automatically be rounded down to the nearest whole number.

18.9 The provisions of By-Law 18 shall also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Participant or withdrawn by the ESOS Committee.

## **19. RIGHTS ATTACHED TO SHARES**

19.1 The new DIALOG Shares to be allotted and issued upon the exercise of any Options granted under the Scheme, will, upon the allotment and issue:

- (a) be subject to the relevant provisions of the Constitution of DIALOG in relation to their transfer, transmission or otherwise; and
- (b) rank *pari passu* in all respects with the then existing DIALOG Shares, except that the new DIALOG Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of DIALOG, for which the entitlement date of which is prior to the date of allotment of such DIALOG Shares.

19.2 The Options shall not carry any rights to vote at any general meeting of DIALOG.

## **20. ADMINISTRATION**

20.1 The Scheme shall be implemented and administered by the ESOS Committee consisting of such persons from the Board and/or Senior Management of the Group, appointed by the Board from time to time.

20.2 Subject to these By-Laws and Terms of Reference, the ESOS Committee shall administer the Scheme in such manner as it shall in its sole and absolute discretion deem fit and with such powers and duties as are conferred upon it by the Board.

20.3 For the purpose of administering the Scheme, the ESOS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESOS Committee may in its sole and absolute discretion deem fit, necessary and/or expedient for the implementation and administration of, and to give full effect to, the Scheme.

20.4 The Board shall have power at any time and from time to time to:

- (a) approve, rescind and/or revoke the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee;
- (b) make, issue and/or amend the Terms of Reference at any time and from time to time; and
- (c) assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws.

**21. QUOTATION**

- 21.1 The new DIALOG Shares to be allotted will not be listed or quoted on the Main Market of Bursa Malaysia until an application is made to Bursa Malaysia for such listing and quotation of the new DIALOG Shares.

**22. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE SCHEME**

- 22.1 Subject to By-Law 22.2 and compliance with the Listing Requirements and the approvals of any other regulatory authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it shall in its sole and absolute discretion think fit and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation.
- 22.2 The approval of the shareholders of DIALOG in a general meeting shall not be required in respect of additions, amendment and/or modification to or deletion of these By-Laws save and except if such addition, amendment, modifications and/or deletion would:
- (a) increase the number of DIALOG Shares available for issuance under the Scheme beyond the Maximum Scheme Shares; or
  - (b) provide an advantage to any Eligible Person or group of Eligible Persons or all the Eligible Persons in respect of any matters which are required to be contained in the 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 otherwise permitted under the provisions of the Listing Requirements.
- 22.3 Where any addition, amendment, modifications and/or deletion is made to these By-Laws, DIALOG shall within five (5) Market Days from the effective date of said amendment and/or modification, cause to be submitted to Bursa Malaysia the amended and/or modified By-Laws and a confirmation letter that such amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements.

**23. NON-TRANSFERABILITY**

- 23.1 The rights of a Participant under an exercise of Options shall be personal to him and cannot be assigned, transferred, disposed of, or otherwise subjected to encumbrances in any manner whatsoever unless By-Laws 15.3 applies. Any such attempt to assign, transfer, dispose or encumber any Options shall result in the automatic cancellation of such Options.

**24. DISPUTES**

- 24.1 In the event of any dispute between the ESOS Committee with an Eligible Person or any Participant or group of Participants, as to any matter or thing of any nature arising hereunder, such dispute or difference shall be referred to the Board whose decision shall be final and binding on all parties in all respects.
- 24.2 Notwithstanding the foregoing provisions of By-Law 24.1 above, matters concerning adjustments made pursuant to By-Law 18 shall be referred to external auditors of DIALOG or Adviser, who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

**25. SCHEME NOT A TERM OF EMPLOYMENT/ CONTRACT OF SERVICE**

- 25.1 This Scheme does not form part of nor shall it in any way be construed as forming part of the terms and conditions of employment or contract of service of any Eligible Person. This Scheme shall not confer or be construed to confer on any Eligible Person any special rights or privileges over the Eligible Persons' terms and conditions of employment or contract of service in the DIALOG Group nor any rights in addition to compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment or contract of service.

**26. COMPENSATION**

- 26.1 No Eligible Persons or Participants who cease to hold office in or employment or under a contract of service with the DIALOG Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme.
- 26.2 DIALOG, the Board or the ESOS Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Participant or legal or personal representatives or such other person nominated by the Participant, whatsoever and howsoever arising from the suspension or termination of rights to exercise his Options, ceasing to be valid pursuant to the provisions of these By-Laws.

**27. DIVESTMENT FROM THE GROUP**

- 27.1 If a Participant who held office or was in the employment or under a contract of service with a corporation of the DIALOG Group which has ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the ESOS Committee may in its sole and absolute discretion permit the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed, or termination of Options notwithstanding that:
- (a) the Option Period has not commenced; and/or
  - (b) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 27.2 All Options which may be allowed by the ESOS Committee to be exercisable under By-Law 27.1(b), to the extent unexercised by the date prescribed by the ESOS Committee, shall automatically lapse and shall become null and void.

**28. TRANSFER TO OTHER COMPANIES NOT WITHIN THE GROUP**

- 28.1 Notwithstanding By-Law 15.1, in the event a Participant who was employed in a corporation within the Group and is subsequently transferred from such corporation to a corporation not within the Group ("**Affected Participant**"), the Affected Participant shall continue to be entitled to exercise any Unexercised Options, upon the same terms and conditions as may be set out in the Offer.
- 28.2 In the event a person who was in the employment or under a contract service of a company which subsequently becomes a Subsidiary as a result of a restructuring or acquisition or otherwise involving DIALOG and/or any company within the Group, such person will, if he satisfies all the relevant conditions of these By-Laws, be eligible to be considered for an Offer for the remaining Scheme Period at the sole and absolute discretion of the ESOS Committee.

**29. COSTS, EXPENSES AND TAXES**

- 29.1 DIALOG shall bear all fees, costs and expenses (including but not limited to administrative and handling charges) incurred in relation to the Scheme including but not limited to the costs and expenses relating to the issue and allotment of DIALOG Shares pursuant to the exercise of the Options.
- 29.2 For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes, including, without limitation, income taxes that are incurred by a Participant pursuant to By-Law 29.1 or relating to the exercise of any Options and any holding or dealing of such DIALOG Shares (such as, but not limited to brokerage commissions and stamp duty) shall be borne by that Participant and DIALOG shall not be liable for any of such costs, fees, levies, charges and/or taxes.

**30. CONSTITUTION**

- 30.1 Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between any provision of these By-Laws and the Constitution of DIALOG and/or the Listing Requirements, the provisions of the Constitution of DIALOG and/or the Listing Requirements shall prevail to the extent of such conflict.

**31. ERRORS AND OMISSIONS**

- 31.1 If, in consequence of an error or omission, the ESOS Committee discovers or determines that:
- (a) an Eligible Person who was selected by the ESOS Committee as a Participant, has not been given the opportunity to participate in the Scheme on any occasion;
  - (b) the number of DIALOG Shares comprised in an Option on any occasion is found to be incorrect; or
  - (c) the number of the DIALOG Shares allotted and issued to any Participant (including those allotted and issued pursuant to the vesting of the DIALOG Shares pursuant to the exercise of Options) on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission and ensure that the Participant is given the opportunity to participate in the Scheme and/or the aggregate number of DIALOG Shares to which the Participant is correctly entitled to is credited into his CDS Account.

**32. NOTICES**

- 32.1 Any notice or request under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or Participant or any correspondence to be made between an Eligible Person or Participant to the ESOS Committee shall be given or made in writing and sent to the registered office of DIALOG or such other office which the ESOS Committee may have stipulated for a particular purpose of delivery by hand (with acknowledgement of receipt) or registered letter.
- 32.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Participant or correspondence to be made with an Eligible Person or Participant shall be deemed to be sufficiently given, served or made:
- (a) if it is sent by ordinary post to the Eligible Person or the Participant at the last address known to DIALOG as being his address, such notice shall be deemed to have been received three (3) Market Days after posting; or

- (b) if it is given by hand to the Eligible Person or the Participant, such notice or request shall be deemed to have been received on the date of delivery;
- (c) if it is transmitted by facsimile, such notice or request shall be deemed to have been received, upon the printing of the transmission log print-out indicating the date, time and transmission of all the pages; or
- (d) if it is sent by electronic media, including but not limited to electronic mail, or via a general or specific notice placed on any human resource electronic management system to the Eligible Person or the Participant, such notice or request shall be deemed to have been received upon the said notice or request being sent by DIALOG.

32.3 Notwithstanding By-Law 32.2, where any notice is required to be given by DIALOG or the ESOS Committee under these By-Laws in relation to matters which may affect all the Eligible Persons or Participants, as the case may be, DIALOG or ESOS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under By-Law 32.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Participants.

### **33. SEVERABILITY**

33.1 If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

### **34. DELAY OF PERFORMANCE**

34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the control of DIALOG or the ESOS Committee.

### **35. DISCLAIMER OF LIABILITY**

35.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the ESOS Committee and DIALOG shall not under any circumstances be liable for any cost, loss, expense, damage, liability whatsoever incurred, arising and/or suffered by any Participant by reason of the following, including but not limited to:

- (a) DIALOG and/or ESOS Committee's delay in allotting and issuing new DIALOG Shares and/or applying for or procuring the listing of the new DIALOG Shares on Bursa Malaysia in accordance with these By-Laws for any reason whatsoever; and/or
- (b) any other matter or dealing outside the control of DIALOG.

- 35.2 The Participant shall at all times indemnify and keep DIALOG indemnified against all losses, damages, claims, proceedings, demands, actions, penalties and expenses whatsoever that may be made or brought against and/or suffered by DIALOG at any time as a result of and/or in connection with or arising from any failure on the part of the Participant to perform and/or observe the terms and conditions and stipulations of the By-Laws as from and including the Effective Date or for any act or default under or for any breach of any provision of the By-Laws by the Participant or that may be incurred suffered or sustained by DIALOG as a result thereof and the Participant shall promptly upon a demand being made by DIALOG pay to DIALOG all amounts so paid incurred suffered or sustained by DIALOG.

**36. DECISION OF THE ESOS COMMITTEE**

- 36.1 Any decision and/or determination made by the ESOS Committee under these By-Laws shall, in the absence of any manifest of error, be final and binding.

**37. GOVERNING LAW**

- 37.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Participant, by accepting the Offer irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.
- 37.2 Any proceeding or action shall be instituted or taken in Malaysia and the Participant irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 37.3 In order to facilitate the making of any Offer under the Scheme, the Board may provide for such special terms to the Eligible Person(s) who are employed by any corporation in the DIALOG Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, 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 affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of DIALOG 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 the Scheme, as then in effect, unless the 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.
- 37.4 No action has been or will be taken by DIALOG to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken by DIALOG to ensure compliance by the Eligible Person to whom an Offer is made, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer.
- 37.5 Any Eligible Person to whom an Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer. By their acceptance of the Offer, each Participant has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer.

**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board which collectively and individually accepts full responsibility for the accuracy of the information given. The Board hereby confirms that after making all reasonable enquiries and to the best of its knowledge and belief, there are no false or misleading statements contained in this Circular, or other material facts the omission of which would make any information herein false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST**

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank and/or its related and associated companies (“**AmBank Group**”) form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group’s securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of DIALOG Group.

As at 27 September 2018, the AmBank Group has extended certain credit facilities amounting to approximately RM1,577 million to DIALOG Group. The said facilities represent less than 2% compared to the total audited loans, advances and financing of AMMB Holdings Berhad (being the holding company of the AmBank Group) as at 31 March 2018.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser for the Proposed ESOS does not give rise to a conflict of interest situation in view that:-

- (i) AmBank Group form a diversified financial group and are engaged in a wide range of transactions as highlighted above. AmInvestment Bank is licensed investment bank and its appointment as Principal Adviser in respect of the Proposed ESOS is in the ordinary course of business; and
- (ii) Each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each departments and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is also regulated by Bank Negara Malaysia.

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### 3. HISTORICAL SHARE PRICES

The monthly high and low prices of DIALOG Shares traded on Bursa Malaysia for the past twelve (12) months preceding the date of this Circular are as follows:

	<b>High RM</b>	<b>Low RM</b>
<b><u>2017</u></b>		
September	2.11	1.98
October	2.30	2.00
November	2.49	2.16
December	2.54	2.39
<b><u>2018</u></b>		
January	2.78	2.49
February	2.80	2.49
March	3.11	2.47
April	3.20	2.91
May	3.57	2.96
June	3.46	3.06
July	3.34	3.00
August	3.56	3.25
September (up to the LPD of 18 September 2018)	3.53	3.35
 Last transacted market price prior to the announcement of the Proposed ESOS		 3.35
Last transacted market price as at the LPD		3.49

(Source: Bloomberg)

### 4. MATERIAL LITIGATION, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

#### 4.1 Material litigation

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings, which may materially or adversely affect the financial position or business of the Group.

#### 4.2 Contingent liabilities

Save as disclosed below, based on the Company's latest audited financial statements for the FYE 30 June 2018, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or positions of the Group:

- (i) The Company provides corporate guarantees up to total amount of RM1,155.7 million to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amounts of banking facilities utilized by these subsidiaries totaling RM791.3 million; and
- (ii) The Company has also provided a sponsor's undertaking to financial institutions for the provision of cash flow deficiency support of up to SGD129.6 million, equivalent to RM383.5 million for project financing secured by a joint venture.

**4.3 Material commitments**

Save as disclosed below, based on the Company's latest audited financial statements for the FYE 30 June 2018, the Board is not aware of any material commitments incurred or known to be incurred which upon becoming enforceable may have a material impact on the financial position or the business of DIALOG Group:

**a) Capital commitments**

The capital commitments of the Group are as follows:

	<b>RM'000</b>
Capital expenditure in respect of purchase of property, plant and equipment:	
- Approved but not contracted for	400
- Contracted but not provided for	2,000
	<hr/> <b>2,400</b> <hr/>
Commitments of the Group in respect of tank terminal business	<hr/> <b>309,000</b> <hr/>
Commitments of the Group in respect of upstream business	<hr/> <b>91,045</b> <hr/>

**b) Operating lease commitments**

The Group has entered into non-cancellable lease agreements for premises, equipment and storage tanks, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rate. The operating lease commitments of the Group as follows:

	<b>RM'000</b>
Not later than one (1) year	8,536
Later than one (1) year and not later than five (5) years	12,481
Later than five (5) years	11,991
	<hr/> <b>33,008</b> <hr/>

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection from the date of this Circular up to and including the date of the AGM during normal business hours at the registered office of DIALOG at DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan Malaysia:

- (i) the Constitution of DIALOG;
- (ii) the audited consolidated financial statements of DIALOG Group for the past two (2) FYEs 30 June 2017 and 30 June 2018;
- (iii) the letter of consent referred to in Section 2 of Appendix II; and
- (iv) the draft By-Laws as set out in Appendix I of this Circular.