

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

Minutes of the Thirty-Fifth Annual General Meeting of Dialog Group Berhad (“Dialog” or “the Company”) held on virtual basis through live streaming and online remote voting from the broadcast venue at the Training Room, Level 5, DIALOG Tower, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 16 November 2023 at 10.00 a.m.

Present : Directors

Present at broadcast venue

Tan Sri Dr Ngau Boon Keat
Mr Chan Yew Kai
Mr Chin Kwai Fatt
Dato’ Ismail Bin Karim
Puan Juniwati Rahmat Hussin
Encik Badrul Hisham Bin Dahalan
Puan Zainab Mohd Salleh
Bernard Rene Francois Di Tullio

Video-conferencing

Tan Sri Datuk Dr. Rebecca Fatima Sta Maria

: In Attendance

Present at broadcast venue

Ms Chay Siew Kim (Joint Company Secretary)
Ms Koo Swee Lin (BDO PLT)

: Shareholders

As per Shareholders Attendance List

: Proxies

As per Proxy Attendance List

1. OPENING REMARKS

Chairman of the Board of Directors, Tan Sri Dr Ngau Boon Keat (“Tan Sri Dr Ngau” or “Chairman”), welcomed everyone to the Thirty-Fifth Annual General Meeting (“AGM”) of the Company.

Chairman informed that the Thirty-Fifth AGM was held via live streaming and online remote voting using the remote participation and voting facilities without the physical attendance by shareholders and proxies. He further informed that the broadcast venue of the AGM was at Training Room in DIALOG Tower, Mutiara Damansara, Petaling Jaya, Selangor.

Chairman proceeded to introduce the Board, the Group Chief Financial Officer, the Joint Company Secretary and the Auditor of the Company.

He then announced that photography, screenshot or any form of audio and video recording was not allowed during the meeting. He also informed shareholders and proxies to exercise their rights to participate in the meeting including posing questions to the Chairman and the Board and to cast their votes remotely.

Chairman then said he would vote in his capacity as proxy for those who had appointed the Chairman of the meeting, in accordance with the instruction received.

2. QUORUM

At the enquiry from the Chair, the Company Secretary confirmed that quorum was present. With that the Chairman called the meeting to order.

3. NOTICE

The Notice convening the meeting, having been circulated to all members, was taken as read.

Chairman advised that in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice shall be voted by poll. The Company had appointed Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") as the poll administrator, and the results of the poll voting would be verified by Deloitte Business Advisory Sdn. Bhd. ("Scrutineers"), who had been appointed as the independent scrutineer.

Shareholders were informed that voting on the resolutions could be done at any time throughout the meeting until the closure of the voting session. The representative from TIIH was then invited to explain the online voting procedures done through the Remote Participation and Voting ("RPV") facilities application.

Chairman then informed the meeting that questions received both prior and during the meeting would be answered after all the agenda items of the meeting had been dealt with.

Chairman then presented the agenda of the AGM as follows:

AS ORDINARY BUSINESS

4. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS

The Audited Financial Statements of the Company for the financial year ended 30 June 2023 and the Reports of Directors and Auditors, having been circulated to all the shareholders of the Company within the prescribed period, were tabled to the meeting for discussion.

It was noted that the agenda item was meant for discussion only as it did not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016.

Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2023, together with the Reports of the Directors and Auditors thereon, had been properly laid and received.

**5. ORDINARY RESOLUTION 1:
FINAL SINGLE TIER CASH DIVIDEND**

Chairman informed that the final cash dividend of 2.40 sen per ordinary share for the financial year ended 30 June 2023, if approved, would be paid and distributed on 21 December 2023 to the shareholders whose names appeared in the Record of Depositors at the close of business on 4 December 2023.

**6. ORDINARY RESOLUTION 2:
RE-ELECTION OF PUAN JUNIWATI RAHMAT HUSSIN**

Chairman informed that Puan Juniwati Rahmat Hussin was due to retire pursuant to Clause 91 of the Company's Constitution. Being eligible, Puan Juniwati had offered herself for re-election.

**7. ORDINARY RESOLUTION 3:
RE-ELECTION OF PUAN ZAINAB BINTI MOHD SALLEH**

The next matter tabled was for the re-election of Puan Zainab Binti Mohd Salleh, who was retiring as director in accordance with Clause 91 of the Constitution of the Company. She had confirmed her willingness to be re-elected.

**8. ORDINARY RESOLUTION 4:
RE-ELECTION OF MR BERNARD RENE FRANCOIS DI TULLIO**

Chairman informed that Mr Bernard Rene Francois Di Tullio was due to retire pursuant to Clause 96 of the Company's Constitution. Being eligible, Mr Di Tullio had offered himself for re-election.

**9. ORDINARY RESOLUTION 5:
RE-ELECTION OF TAN SRI DATUK DR. REBECCA FATIMA STA MARIA**

The next matter tabled was for the re-election of Tan Sri Datuk Dr. Rebecca Fatima Sta Maria, who was retiring as director in accordance with Clause 96 of the Constitution of the Company. Tan Sri Rebecca had confirmed her willingness to be re-elected.

**10. ORDINARY RESOLUTION 6:
PAYMENT OF DIRECTORS' FEES AND BOARD COMMITTEES' FEES**

Chairman then informed that a sum of RM924,000.00 was recommended for payment as Directors' Fees and Board Committees' Fees for the financial year ended 30 June 2023. The increase in the Directors' Fees was due to additional directors appointed during the financial year ("FY").

**11. ORDINARY RESOLUTION 7:
PAYMENT OF DIRECTORS' BENEFITS (OTHER THAN DIRECTORS' FEES AND
BOARD COMMITTEES' FEES)**

Chairman informed that a sum up to an amount of RM880,000.00 was recommended for payment as Directors' Benefits for the period from 17 November 2023 to the next AGM of the Company.

**12. ORDINARY RESOLUTION 8:
RE-APPOINTMENT OF AUDITORS**

The next motion was on the re-appointment of Messrs BDO PLT as auditors of the Company for the next financial year and to authorise the Directors to fix their remuneration.

It was noted that Messrs BDO PLT had indicated their willingness to continue in office. Chairman informed that the Audit Committee and Board of Directors had reviewed BDO PLT's performance and were satisfied with their effectiveness and services as the Company's External Auditors.

13. ANY OTHER BUSINESS

Chairman announced that there was no notice received for any other business to be transacted at the AGM.

14. QUESTIONS AND ANSWERS ("Q&A")

The meeting then proceeded to respond the questions received before the meeting and via the query box during the AGM. Shareholders were informed that questions received would not be answered in the order based on the agenda and similar questions might also be summarised to avoid repetition. He also informed that questions that were unclear would be answered after the meeting.

The meeting was informed that the Company had received questions from the Minority Shareholders Watch Group ("MSWG") prior to the meeting. Chairman then invited the Company Secretary to read out the questions.

The key matters discussed are listed in the annexure attached and marked as Appendix 1.

15. POLL PROCESS

After all questions had been dealt with and there being no other business, Chairman informed the meeting to proceed with the poll voting. He added that the voting session would close after five minutes and submission of any general questions would also be ended in approximately five minutes.

The meeting was then adjourned for twenty minutes after the voting session closed to allow the scrutineers to verify the results of the votes cast.

16. ANNOUNCEMENT OF POLL RESULTS

At 11.07 a.m., Chairman reconvened the meeting for the declaration of poll results as follows that had been verified and handed to him:

Ordinary Resolution	Vote For		Vote Against		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1	3,755,685,571	99.9995	17,061	0.0005	3,755,702,632	100.0000
2	3,609,948,323	96.1194	145,742,064	3.8806	3,755,690,387	100.0000
3	3,733,470,905	99.6108	14,588,348	0.3892	3,748,059,253	100.0000
4	3,751,218,090	99.8807	4,480,642	0.1193	3,755,698,732	100.0000
5	3,749,826,244	99.8437	5,871,036	0.1563	3,755,697,280	100.0000
6	3,443,046,756	91.6768	312,587,859	8.3232	3,755,634,615	100.0000
7	3,442,956,762	91.6744	312,677,853	8.3256	3,755,634,615	100.0000
8	3,749,957,296	99.8531	5,517,436	0.1469	3,755,474,732	100.0000

Based on the results of the poll, Chairman declared Ordinary Resolutions 1 to 8 as carried.

It was RESOLVED as follows:

ORDINARY RESOLUTION 1: FINAL SINGLE TIER CASH DIVIDEND

THAT the payment of a Final Single Tier Cash Dividend of 2.40 sen per ordinary share in respect of the financial year ended 30 June 2023 be and is hereby approved.

ORDINARY RESOLUTION 2: RE-ELECTION OF PUAN JUNIWATI RAHMAT HUSSIN

THAT Puan Juniwati Rahmat Hussin, the Director retiring pursuant to Clause 91 of the Company's Constitution and being eligible, be hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 3: RE-ELECTION OF PUAN ZAINAB BINTI MOHD SALLEH

THAT Puan Zainab Binti Mohd Salleh, the Director retiring pursuant to Clause 91 of the Company's Constitution and being eligible, be hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 4: RE-ELECTION OF MR BERNARD RENE FRANCOIS DI TULLIO

THAT Mr Bernard Rene Francois Di Tullio, the Director retiring pursuant to Clause 96 of the Company's Constitution and being eligible, be hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 5: RE-ELECTION OF TAN SRI DATUK DR. REBECCA FATIMA STA MARIA

THAT Tan Sri Datuk Dr. Rebecca Fatima Sta Maria, the Director retiring pursuant to Clause 96 of the Company's Constitution and being eligible, be hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 6:
PAYMENT OF DIRECTORS' FEES AND BOARD COMMITTEES' FEES**

THAT the payment of Directors' Fees and Board Committees' Fees of RM924,000.00 in respect of the financial year ended 30 June 2023 be and is hereby approved.

**ORDINARY RESOLUTION 7:
PAYMENT OF DIRECTORS' BENEFITS (OTHER THAN DIRECTORS' FEES AND
BOARD COMMITTEES' FEES)**

THAT the payment of Directors' Benefits (other than Directors' Fees and Board Committees' Fees) up to an amount of RM880,000.00 from 17 November 2023 to the next AGM of the Company be and is hereby approved.

**ORDINARY RESOLUTION 8:
RE-APPOINTMENT OF AUDITORS**

THAT Messrs BDO PLT, having indicated their willingness to continue in office, be hereby re-appointed as Auditors of the Company for the ensuing year at a remuneration to be determined by the Director.

17. CLOSURE OF MEETING

The meeting concluded at 10.51 a.m.

Signed as a correct record,

CHAIRMAN

Date:

**Key Matters Discussed
(Appendix 1)**

QUESTIONS FROM MSWG

- Q1. The Group's Malaysian operations continue to be hampered by high material prices and escalating labour costs. (Page 42 of Integrated Annual Report)
- a) What is the impact of high material prices and escalating labour costs to the Group's Malaysian operations in terms of percentage increases of material prices and labour costs in FY 2023 respectively?
 - b) What measures has the Group taken to mitigate the high material prices and escalating labour costs?
 - c) What is the outlook of the high material prices and escalating labour costs in FY 2024?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The high material prices and escalating labour costs caused by Covid-19 pandemic and Ukraine conflict have resulted in cost overruns and losses in certain downstream projects that the Group secured in the last few years.

The Group is committed to complete the projects through discussions with clients for reimbursement and compensation for the affected projects.

Looking forward, the Group will revise the rates and terms for future projects to reflect material prices and labour costs prevailing at that time.

- Q2. The Group persistently engaged with clients in discussions for reimbursement and compensation for project overruns. (Page 43 of Integrated Annual Report)
- a) Has the Group managed to secure any reimbursement and compensation for project overruns from its clients in FY2023? If yes, what was the amount reimbursed by its clients?
 - b) What were the challenges faced by the Group when negotiating for reimbursement and compensation for project overruns from its clients?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The discussions are still ongoing with customers for various projects. Some projects have received fair compensation and some projects are still in rigorous negotiation.

- Q3. Bayan Oilfield Services Contract ("OSC") and D35/D21/J4 Petroleum Sharing Contract ("PSC") continue to deliver with both assets performing well over the past 12 months. (Page 49 of Integrated Annual Report)
- a) What is the current oil and gas extraction rates from OSC and PSC respectively?
 - b) What were the revenue and profit/(loss) contributions from the OSC and PSC in FY 2023 respectively?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

- a) *DIALOG is a service provider for the Bayan OSC and the Group is not the operator of D35 PSC. Hence, the Group cannot disclose the production numbers. However, both assets are performing well over the past 12 months and are able to capture the upside of the oil price and the upstream division continues to contribute sustained profits to the Group.*
- b) *The PSC and OSC continue to contribute positively to the Group's recurring income. With the acquisition of L53 onshore fields in Thailand since August 2022, it has further enhanced the overall performance of the Group's upstream segment which contribute significantly to the Group's bottomline.*

Q4. In the Operating Segment Reporting, Malaysia segment reported a higher revenue from external customers of RM1,636 million in FY 2023 as compared to RM1,331 million in FY 2022, an increase of RM303 million or 22.8%. However, segment profit from Malaysia region is much lower at RM338.96 million in FY 2023 as compared to RM531.2 million in FY 2022, a decrease of RM192.2 million or 36.2 %. (Pages 27 and 28 of Financial Statements)

- a) Please explain the reasons for the increase in revenue from external customers in FY 2023 as compared to FY2022.
- b) Why is the segment profit much lower in FY2023 as compared to FY 2022 as the Malaysia region's revenue has increased by 22.8% in FY 2023?
- c) Will the Malaysia segment continue to report lower/higher segment profit in FY 2024? Please provide the reasons for the lower/higher anticipated segment profit.

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

- a & b) *The Malaysia segment has recorded higher revenue in FY 2023 as compared to FY 2022 due to increase in its business activities across all 3 segments from Upstream, Midstream and Downstream.*

Despite the higher revenue, the lower profit recorded is due to costs overruns and projects losses in downstream, higher financing cost in midstream and higher operation cost in upstream.

The reasons were explained in page 44 Financial Performance Review of the Annual Report.

- c) *The Group will continue to focus on the key strategies and remain confident that the business is well structured to manage and sustain itself through periods of economic uncertainties, oil price volatility and currency movements.*

Barring any unforeseen circumstances, the Group remains optimistic of positive performance for FY 2024. The Group will talk more about the general outlook in the session after the AGM.

Q5. The Group has invested in quoted shares listed outside Malaysia classified as non-current and current amounting RM38.2 million and RM24.7 million respectively. (Page 56 of Financial Statements)

- a) Why does the Group invest in quoted shares listed outside Malaysia?
- b) In which exchanges are the quoted shares outside Malaysia listed?
- c) To which business sectors do the quoted shares listed outside Malaysia relate to?
- d) Was there any dividend income received from the quoted shares listed outside Malaysia in FY 2023? If yes, what was the amount?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

a, b & c) Firstly, the Group was given the opportunity to support the partner, Morimatsu International, which is a leading pressure equipment manufacturer, for their Initial Public Offering to be listed on Hong Kong Stock Exchange. Currently, the Group is in a joint venture with them to develop a state-of-the art fabrication facility in Pengerang to serve local and international clients.

Secondly, more than 10 years ago, the Group provided engineering services to a carbon recycling company, Lanzatech, a new and innovative technology company. The Group was subsequently given the opportunity to invest a small amount in the company. Earlier this year, the company successfully listed on NASDAQ.

d) Both companies have been recently listed and hence there is no dividend yet.

QUESTIONS FROM SHAREHOLDERS

Q6. Which area make profit and which sector making loss?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The Group was making profit in upstream and midstream sectors as well as in the joint venture companies. However, downstream projects were badly affected by the Covid-19 pandemic and Ukraine-Russia conflict.

Q7. Finance cost increased substantially from RM40.1 million in FY 2022 to RM72.3 million in FY 2023.

- a) What is the reason(s) for the substantial increase in finance cost despite the reduction in total borrowings of the Group in FY 2023.
- b) What is the action taken by the Group to mitigate further increase in finance cost in current and future financial years?

Answered by Puan Zainab Binti Mohd Salleh, Group Chief Financial Officer

a) The main reason for the increase in finance costs was the higher interest rate from 2.6% in FY 2022 to 4.5% in FY 2023. Please refer to page 72 of the Financial Statements FY 2023.

b) The Group has hedged more than 50% of its borrowings through interest rate swaps.

Q8. The acquisition of Intangible Assets increased by more than 200% in FY 2023 to RM211 million. (Note 8 – Pages 37 to 40 of Financial Statements)

- a) Please confirm that the purchases are mostly for the PSC and OSC in Bayan fields, Bintulu, Sarawak.
- b) What is the nature of Intangible Assets purchased and why is it classified as “Intangible Assets” when it is related to PSC and OSC?

Answered by Puan Zainab Binti Mohd Salleh, Group Chief Financial Officer

- a) *The purchases were mostly for the PSC and OSC in Bayan fields, Bintulu, Sarawak.*
- b) *A write-up on the Intangible Assets was stated on page 40 of the Financial Statements. The acquisition was classified as “Intangible Assets” in line with Malaysian Financial Reporting Standard (“MFRS”) which is also used by other oil and gas companies.*

Q9. In January 2023, the Group signed the Baram Junior Cluster Small Field Asset PSC with Petronas and PSEP. (Page 48 of Integrated Annual Report)

- a) What is the total investment of Dialog Group in this project?
- b) When will the production of oil or gas expected to commence?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

- a) *The Baram Junior Cluster Small Field Asset PSC with Petronas is still under feasibility study, and it will take approximately two (2) years from the signing date. After the study and if it is viable, the Group will develop the field which will take another two (2) years to be developed and ten (10) years of production period.*
- b) *The total investment will only be known after the feasibility study has been completed.*

Q10. The Segment Profit from Thailand reported an amount of RM93 million in FY 2023. (Note 4 – Page 27 of Financial Statements)

- a) Please confirm that the profits are contributed by the newly acquired onshore L53/48 concession.
- b) Based on current operation performance to date, will the concession be able to contribute similar profitability in FY 2024?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

- a) *The profit was generated from L53/48 concession and other operations in Thailand such as specialist products and services (“SPS”).*
- b) *Based on current operation performance, the production in Thailand is expected to be maintained.*

- Q11. The group's Return on Equity ("ROE") seems to be in downtrend over the past few years since 2020. Can Management please comment.

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

During the Covid-19 pandemic and the low oil price then, the Group's profit and upstream business were badly affected. In addition, the Ukraine-Russia conflict further impacted the Group's operations. The disruption to the on-site operations, supply chain and logistics issues led to delay in project completion for all the business activities. Costs also escalated but the Group was committed to complete the projects. The Group was compensated for some projects by the clients and negotiations are still ongoing for some projects. Going forward, the Group believes that the economic situation will stabilise and the Group is optimistic of its future performance.

Answered by Puan Zainab Binti Mohd Salleh, Chief Financial Officer

Over the last three (3) years, the Group has invested heavily on tank terminal business and the investments have started to contribute positively to the Group, in spite of the high financing costs in the last two (2) years'. The Group aims to receive a sustainable return from the terminal business that could balance the Group's future profits.

- Q12. Customers are mostly local or export to which country?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The Group serves local customers and international customers in eight (8) countries.

- Q13. When will the Group pay dividend to its shareholders?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The final dividend of 2.40 sen per ordinary share for FY 2023 would be payable on 21 December 2023.