

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has prescribed circulars to shareholders in relation to the renewal of share buy-back authority as Exempt Circular. As such, Bursa Malaysia has not perused the relevant sections of this Circular in relation to the Proposed Renewal of Share Buy-Back Authority prior to the issuance of this Circular. Bursa Malaysia takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



## **DIALOG GROUP BERHAD**

*(Company Number: 178694-V)*  
(Incorporated in Malaysia under the Companies Act, 1965)

### **PART A**

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

**AND**

### **PART B**

#### **CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Notice of the 27<sup>th</sup> Annual General Meeting of Dialog Group Berhad to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 19 November 2015 at 10.00 a.m. together with a Form of Proxy are enclosed in the Annual Report of Dialog Group Berhad for the financial year ended 30 June 2015. The Form of Proxy should be lodged at the registered office of Dialog Group Berhad at DIALOG TOWER, No 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjournment thereof, for it to be valid. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

This Circular is dated 27 October 2015

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**PART A:**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

## DEFINITIONS

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

Act	:	The Companies Act, 1965, 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> )
Circular	:	Circular to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Code	:	The Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time and any re-enactment thereof
DIALOG Share(s)/Share(s)	:	Ordinary share(s) of RM0.10 each 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	:	30 September 2015, being the latest practical date before the printing of this Circular
Market Day	:	Means a day on which Bursa Malaysia is open for trading in securities
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 own issued and paid-up share capital as detailed in Part A of this Circular
RM and sen	:	Ringgit Malaysia and sen respectively
VWAP	:	Volume weighted average market price
Warrant(s)	:	Warrants 2012 / 2017

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.

# DIALOG

## DIALOG GROUP BERHAD

(Company Number: 178694-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

### **PART A: 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 26<sup>th</sup> AGM of the Company held on 20 November 2014, approved the renewal of the authority to enable the Company to purchase up to ten percent (10%) of its own issued and paid-up ordinary share capital. 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 27<sup>th</sup> AGM of the Company, unless renewed by shareholders.

On 27 August 2015, the Company announced that it proposes to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority at the 27<sup>th</sup> AGM to be convened on 19 November 2015.

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 19 November 2015.

**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 own issued and paid-up 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 and/or share premium account of the listed corporation. The Board proposes to allocate an amount of up to the retained profits and share premium account of the Company for the purchase of its own ordinary shares, subject to compliance with Section 67A 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 and share premium account of the Company were RM372,020,000 and RM318,279,000 respectively based on the latest audited financial statements as at 30 June 2015.

- 2.3** Section 67A of the Act allows the Company to cancel the purchased Shares or to hold the purchased Shares as treasury shares or a combination of both. The purchased Shares held as treasury shares may either be distributed to the shareholders of the Company as share dividends, resold on Bursa Malaysia in accordance with the relevant rules of Bursa Malaysia, or subsequently cancelled. The decision whether to retain the purchased Shares and/or to resell the treasury shares and/or to distribute them as share dividends and/or to cancel them will be made by the Board at the appropriate time. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits and/or share premium account of the Company subject to applicable Prevailing Laws.

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 issued and paid-up share capital 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 share premium account 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 and share premium account 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 and paid-up ordinary share capital. 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.

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

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

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

### (i) Scenario 1

Assuming that all of the 200,536,019 Employees' Share Option Scheme ("ESOS") options of the Company, which are exercisable as at the LPD, are exercised into new Shares and all of the 266,406,537 Warrants of the Company as at the LPD are exercised into new Shares, prior to the Company purchasing its own shares representing approximately ten percent (10%) of its issued and paid-up ordinary share capital and such Shares purchased are cancelled or alternatively be retained as treasury shares or both.

### (ii) Scenario 2

Assuming that none of the ESOS options of the Company, which are exercisable as at the LPD, are exercised into new Shares and none of the Warrants of the Company as at the LPD are exercised into new Shares, prior to the Company purchasing its own shares representing approximately ten percent (10%) of its issued and paid-up ordinary share capital and such Shares purchased are cancelled or alternatively be retained as treasury shares or both.

### 5.1 Share Capital

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

	<b>Scenario 1</b>	<b>Scenario 2</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
Issued and paid-up ordinary share capital as at the LPD	5,092,796,990	5,092,796,990
To be issued assuming full exercise of exercisable ESOS options	200,536,019	-
	<hr/>	<hr/>
	5,293,333,009	5,092,796,990
To be issued assuming full exercise of Warrants*	266,406,537	-
	<hr/>	<hr/>
Enlarged issued and paid-up ordinary share capital	5,559,739,546	5,092,796,990
	<hr/>	<hr/>
<b>Maximum number of DIALOG Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority<sup>^</sup></b>	<b>555,973,954</b>	<b>509,279,699</b>
	<hr/>	<hr/>
Share capital after cancellation of Shares bought back	5,003,765,592	4,583,517,291
	<hr/>	<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 and paid-up ordinary share capital of the Company.

<sup>^</sup> Including a total of 3,335,032 treasury shares held by the Company as at the LPD.

\* Including a total of 6,948,100 warrants of which conversion forms have been received and verified but pending allotment and issuance of new ordinary shares to such warrant holders as at the LPD.



## 5.2 Directors' and Substantial Shareholders' Shareholdings

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

### Scenario 1

#### Directors' Shareholdings

Directors' Shareholdings	Existing shareholdings as at LPD				(I) Assuming full exercise of the exercisable ESOS options				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		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>	No. of Shares	% <sup>(h)</sup>	No. of Shares	% <sup>(h)</sup>
Tan Sri Dr Ngau Boon Keat	57,985,985 <sup>(a)</sup>	1.1	1,105,331,526 <sup>(b)</sup>	21.7	73,804,103	1.4	1,106,934,618	20.9	73,804,103	1.3	1,124,957,842	20.2
Chan Yew Kai	30,397,152 <sup>(a)</sup>	0.6	-	0.0	37,393,052	0.7	-	0.0	38,668,667	0.7	-	0.0
Datuk Oh Chong Peng	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Kamariyah Binti Hamdan	1,938,614 <sup>(a)</sup>	Neg	268,158 <sup>(d)</sup>	Neg	1,938,614	Neg	268,158	Neg	1,938,614	Neg	268,158	Neg
Ja'afar Bin Rihan	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Siti Khairon Binti Shariff	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Chew Eng Kar	4,496,276 <sup>(a)</sup>	0.1	9,952,584 <sup>(c)</sup>	0.2	12,133,860	0.2	9,952,584	0.2	12,523,814	0.2	10,248,653	0.2
Zainab Binti Mohd Salleh	5,382,150 <sup>(a)</sup>	0.1	-	0.0	11,462,278	0.2	-	0.0	11,462,479	0.2	-	0.0

**Scenario 1**

**Directors' Shareholdings (Cont'd)**

<b>Directors' Shareholdings</b>	<b>After (II) and the Proposed Renewal of Share Buy-Back Authority</b>			
	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of Shares</b>	<b>%<sup>(i)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(i)</sup></b>
Tan Sri Dr Ngau Boon Keat	73,804,103	1.5	1,124,957,842	22.5
Chan Yew Kai	38,668,667	0.8	-	0.0
Datuk Oh Chong Peng	-	0.0	-	0.0
Kamariyah Binti Hamdan	1,938,614	Neg	268,158	Neg
Ja'afar Bin Rihan	-	0.0	-	0.0
Siti Khairon Binti Shariff	-	0.0	-	0.0
Chew Eng Kar	12,523,814	0.3	10,248,653	0.2
Zainab Binti Mohd Salleh	11,462,479	0.2	-	0.0

**Scenario 1**

**Substantial Shareholders' Shareholdings**

Substantial Shareholders' Shareholdings	Existing shareholdings as at LPD				(I) Assuming full exercise of the exercisable ESOS options				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		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>	No. of Shares	% <sup>(h)</sup>	No. of Shares	% <sup>(h)</sup>
Employees Provident Fund Board ("EPF")	586,662,444 <sup>(a)</sup>	11.5	-	0.0	586,662,444	11.1	-	0.0	586,662,444	10.6	-	0.0
Azam Utama Sdn Bhd	462,315,418 <sup>(a)</sup>	9.1	-	0.0	462,315,418	8.7	-	0.0	472,563,330	8.5	-	0.0
Wide Synergy Sdn Bhd	454,195,376 <sup>(a)</sup>	8.9	-	0.0	454,195,376	8.6	-	0.0	461,970,688	8.3	-	0.0
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	236,311,286 <sup>(a)</sup>	4.6	27,778,030 <sup>(c)</sup>	0.5	236,311,286	4.5	27,778,030	0.5	236,311,286	4.3	27,778,030	0.5
Tan Sri Dr Ngau Boon Keat	57,985,985 <sup>(a)</sup>	1.1	1,105,331,526 <sup>(b)</sup>	21.7	73,804,103	1.4	1,106,934,618	20.9	73,804,103	1.3	1,124,957,842	20.2

Substantial Shareholders' Shareholdings	After (II) and the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect	
	No. of Shares	% <sup>(i)</sup>	No. of Shares	% <sup>(i)</sup>
EPF	586,662,444	11.7	-	0.0
Azam Utama Sdn Bhd	472,563,330	9.4	-	0.0
Wide Synergy Sdn Bhd	461,970,688	9.2	-	0.0
KWAP	236,311,286	4.7	27,778,030	0.6
Tan Sri Dr Ngau Boon Keat	73,804,103	1.5	1,124,957,842	22.5

## Scenario 1

Notes:-

*Neg - Negligible.*

- (a) - Shares are held in own name and/or nominee account(s).*
- (b) - Deemed interested by virtue of his interests in Azam Utama Sdn Bhd, Wide Synergy Sdn Bhd, GMC Sdn Bhd, WRN Sdn Bhd and interests held by his spouse and children.*
- (c) - Deemed interested by virtue of his interest in CEKinvst Sdn Bhd and his family trust.*
- (d) - Deemed interested by virtue of her spouse's interest.*
- (e) - Shares are held by KWAP fund manager.*
- (f) - Based on the issued and paid-up share capital (less treasury shares of 3,335,032) of 5,089,461,958 Shares as at LPD.*
- (g) - Based on the enlarged issued and paid-up share capital (less treasury shares of 3,335,032) of 5,289,997,977 Shares, under Scenario 1.*
- (h) - Based on the enlarged issued and paid-up share capital (less treasury shares of 3,335,032) of 5,556,404,514 Shares, under Scenario 1.*
- (i) - Based on the enlarged issued and paid-up share capital (less treasury shares of 555,973,954) of 5,003,765,592 Shares, under Scenario 1.*

**Scenario 2**

**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	57,985,985 <sup>(a)</sup>	1.1	1,105,331,526 <sup>(b)</sup>	21.7	57,985,985	1.3	1,105,331,526	24.1
Chan Yew Kai	30,397,152 <sup>(a)</sup>	0.6	-	0.0	30,397,152	0.7	-	0.0
Datuk Oh Chong Peng	-	0.0	-	0.0	-	0.0	-	0.0
Kamariyah Binti Hamdan	1,938,614 <sup>(a)</sup>	Neg	268,158 <sup>(d)</sup>	Neg	1,938,614	Neg	268,158	Neg
Ja'afar Bin Rihan	-	0.0	-	0.0	-	0.0	-	0.0
Siti Khairon Binti Shariff	-	0.0	-	0.0	-	0.0	-	0.0
Chew Eng Kar	4,496,276 <sup>(a)</sup>	0.1	9,952,584 <sup>(c)</sup>	0.2	4,496,276	0.1	9,952,584	0.2
Zainab Binti Mohd Salleh	5,382,150 <sup>(a)</sup>	0.1	-	0.0	5,382,150	0.1	-	0.0

## Scenario 2

### 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	% <sup>(f)</sup>	No. of Shares	% <sup>(f)</sup>	No. of Shares	% <sup>(g)</sup>	No. of Shares	% <sup>(g)</sup>
EPF	586,662,444 <sup>(a)</sup>	11.5	-	0.0	586,662,444	12.8	-	0.0
Azam Utama Sdn Bhd	462,315,418 <sup>(a)</sup>	9.1	-	0.0	462,315,418	10.1	-	0.0
Wide Synergy Sdn Bhd	454,195,376 <sup>(a)</sup>	8.9	-	0.0	454,195,376	9.9	-	0.0
KWAP	236,311,286 <sup>(a)</sup>	4.6	27,778,030 <sup>(c)</sup>	0.5	236,311,286	5.2	27,778,030	0.6
Tan Sri Dr Ngau Boon Keat	57,985,985 <sup>(a)</sup>	1.1	1,105,331,526 <sup>(b)</sup>	21.7	57,985,985	1.3	1,105,331,526	24.1

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 his interest in CEKinvst Sdn Bhd and his family trust.

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

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

<sup>(f)</sup> - Based on the enlarged issued and paid-up share capital (less treasury shares of 3,335,032) of 5,089,461,958 Shares as at LPD.

<sup>(g)</sup> - Based on the enlarged issued and paid-up share capital (less treasury shares of 509,279,699) of 4,583,517,291 Shares, under Scenario 2.

### 5.3 Net Assets

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

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

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

### 5.4 Working Capital

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

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

### 5.5 Earnings

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

### 5.6 Public Shareholding Spread

The existing public shareholding spread of the Company as at the LPD and the resulting public shareholding spread of the Company, assuming the Company purchases ten percent (10%) of its own issued and paid-up ordinary share capital, are as follows:-

	As at the LPD	After the Proposed Renewal of Share Buy- Back Authority	
		Scenario 1	Scenario 2
Public Shareholding Spread	74.2%	71.9%	71.3%

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 issued and paid-up ordinary share capital of the Company in the event of the treasury shares being cancelled.

For the financial year ended 30 June 2015, the Company declared the following dividends:-

- Interim cash dividend of 1.00 sen per Share amounting to RM50,737,053 was paid on 25 June 2015; and
- Proposed final cash dividend of 1.20 sen per Share amounting to approximately RM61,025,000 as recommended by the Directors for the shareholders' approval at the forthcoming 27<sup>th</sup> AGM of the Company.

#### **6. 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.

#### **7. APPROVALS REQUIRED**

The Proposed Renewal of Share Buy-Back Authority is conditional upon the approval from the shareholders of DIALOG at the forthcoming 27<sup>th</sup> AGM.

#### **8. PURCHASE, RESALE AND CANCELLATION OF SHARES MADE IN THE FINANCIAL YEAR ENDED 30 JUNE 2015**

For the financial year ended 30 June 2015, the Company has not purchased or cancelled its own shares or resold any of its treasury shares. As at 30 June 2015, DIALOG held a total of 3,335,032 treasury shares.

Further information on the purchase of Shares by the Company is set out in the "Schedule of Share Buy-Back" on page 69 of the Annual Report 2015.

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

#### **9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

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, substantial shareholders of DIALOG and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

#### **10. DIRECTORS' 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 27<sup>th</sup> AGM.



**PART B:**

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

## 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, 1965, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Ascent Energy	:	Ascent Energy Technology Limited ( <i>Company No. 1935608</i> )
AUSB	:	Azam Utama Sdn Bhd ( <i>Company No. 190320-M</i> ), a Major Shareholder of DIALOG
Board	:	The Board of Directors of DIALOG
Bursa Malaysia	:	Bursa Malaysia Securities Berhad ( <i>Company No. 635998-W</i> )
Circular	:	Circular to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
DSTSB	:	Dialog Subsurface Technology Sdn Bhd (formerly known as Dialog Ascent Energy Sdn Bhd) ( <i>Company No. 952186-P</i> )
DEPL	:	Dialog Engineering Pte Ltd ( <i>Company No. 198801360D</i> ), a 88.5%-indirect owned subsidiary of DIALOG
DEPL Group	:	DEPL and its subsidiaries, collectively
Director(s)	:	A person within the meaning of Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a director or a chief executive of DIALOG, or any other company which is its subsidiary or holding company.
DIALOG Share(s)/Share(s)	:	Ordinary share(s) of RM0.10 each in DIALOG
DIALOG/the Company	:	Dialog Group Berhad ( <i>Company No. 178694-V</i> )
DIALOG Group/the Group	:	DIALOG and its subsidiaries, collectively
Dialog Properties	:	Dialog Properties Sdn Bhd ( <i>Company No. 384558-X</i> )
DPSPL	:	Dialog Plant Services Pte Ltd ( <i>Company No. 199105977E</i> )
Tan Sri Dr Ngau Boon Keat and persons connected	:	Tan Sri Dr Ngau Boon Keat, his spouse and children, and AUSB, WSSB, GMC Sdn Bhd ( <i>Company No. 71483-V</i> ) and WRN Sdn Bhd ( <i>Company No. 905189-M</i> )
ePetrol Holding	:	ePetrol Holding Sdn Bhd ( <i>Company No. 767312-D</i> )
ePetrol Services	:	ePetrol Services Sdn Bhd ( <i>Company No. 682942-A</i> )
ePetrol Silverswitch	:	ePetrol Silverswitch Sdn Bhd ( <i>Company No. 777280-H</i> )
ePetrol Systems	:	ePetrol Systems Sdn Bhd ( <i>Company No. 807835-W</i> )

## DEFINITIONS (Cont'd)

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Listing Requirements	:	Main Market Listing Requirements of Bursa Malaysia as amended from time to time and any re-enactment thereof
LPD	:	30 September 2015, being the latest practical date before the printing of this Circular
Major Shareholder(s)	:	<p>A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-</p> <p>a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or</p> <p>b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.</p> <p>and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, such shareholder of the company or any other company which is its subsidiary or holding company.</p> <p>For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act.</p>
Proposed Shareholders’ Mandate	:	Proposed renewal of shareholders’ mandate for RRPT approved at the Company’s 26 <sup>th</sup> AGM held on 20 November 2014
Persons Connected	:	Persons connected with a Director or Major Shareholder as defined in the Listing Requirements
Related Party(ies)	:	A Director, Major Shareholder and/or a person connected to such Director or Major Shareholder
Related Party Transaction(s)	:	Transactions entered into by DIALOG Group which involves the interest, direct or indirect, of a Related Party
RRPT	:	Recurrent Related Party Transaction(s) of a revenue or trading nature which are necessary for the day-to-day operations and are entered into in the ordinary course of business of DIALOG Group which involves the interest, direct or indirect, of a Related Party
RM and sen	:	Ringgit Malaysia and sen respectively
WSSB	:	Wide Synergy Sdn Bhd ( <i>Company No. 366494-T</i> ), a Major Shareholder of DIALOG

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.

# DIALOG

## DIALOG GROUP BERHAD

(Company Number: 178694-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

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

27 October 2015

**Board of Directors**

Tan Sri Dr Ngau Boon Keat (*Executive Chairman*)  
Chan Yew Kai (*Executive Deputy Chairman*)  
Datuk Oh Chong Peng (*Senior Independent Non-Executive Director*)  
Kamariyah Binti Hamdan (*Independent Non-Executive Director*)  
Ja'afar Bin Rihan (*Non-Independent Non-Executive Director*)  
Siti Khairon Binti Shariff (*Independent Non-Executive Director*)  
Chew Eng Kar (*Executive Director*)  
Zainab Binti Mohd Salleh (*Executive Director*)

To : Our Shareholders

Dear Sir/Madam,

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

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**1. INTRODUCTION**

At the Company's 26<sup>th</sup> AGM held on 20 November 2014, the Company had obtained a shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature ("Existing Mandate"). The Existing Mandate shall, pursuant to the Listing Requirements, expire at the conclusion of the forthcoming 27<sup>th</sup> AGM to be held on 19 November 2015, unless it is renewed at the said AGM.

On 27 August 2015, the Board had announced that it proposes to seek its shareholders' approval for the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate, to set out our Board's recommendation and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled as a Special Business at the forthcoming 27<sup>th</sup> AGM of the Company to be convened on 19 November 2015.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE.**

**2. THE PROPOSED SHAREHOLDERS' MANDATE**

**2.1 Details of the Proposed Shareholders' Mandate**

Under Paragraph 10.09 (2), Part E, Chapter 10 of the Listing Requirements, the Company may seek a shareholders' mandate in respect of related party transactions involving RRPT of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where;
  - (i) the consideration, value of assets, capital outlay or cost of the aggregated transactions is equal to or more than RM1 million; or
  - (ii) the percentage ratios of such aggregated transactions is equal to or more than one per cent (1%)

whichever is the higher;

- (c) the Company's circular to shareholders for the shareholders' mandate shall include information set out in the Listing Requirements of Bursa Malaysia;
- (d) interested Directors, interested Major Shareholders and interested persons connected to a Director or Major Shareholder and where it involves the interest of an interested person connected to a Director or Major Shareholder, such Director or Major Shareholder, shall abstain from voting on the resolution relating to such transactions. An interested Director or interested Major Shareholder must also ensure that persons connected to him abstain from voting on the resolution relating to the transactions; and
- (e) the Company immediately announces to Bursa Malaysia when the actual value of RRPT entered into by DIALOG Group, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia in its announcement.

It is envisaged that in the normal course of DIALOG Group's business, transactions of a revenue or trading nature between DIALOG Group and the Related Parties are likely to occur and are necessary for the Group's day-to-day operations.

The procurement of the Proposed Shareholders' Mandate from shareholders will allow DIALOG Group to enter into RRPT, as set out in Part B Section 2.5, which are necessary for DIALOG Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders of DIALOG.

## 2.2 Validity Period for the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate, if approved by shareholders at the forthcoming 27<sup>th</sup> AGM, will take effect from the date of the passing of the ordinary resolution proposed at the AGM and the authority conferred under the Proposed Shareholders' Mandate shall only continue to be in force until:-

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act, (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by shareholders in a general meeting,

whichever is the earlier.

## 2.3 Disclosure in the Annual Report

Disclosure will be made in the Company's annual report on the breakdown of the aggregate value of transactions made pursuant to the shareholders' mandate during the financial year, providing amongst others, the following information:-

- (i) the type of transactions made; and
- (ii) the names of the Related Parties involved in each type of transactions and their relationship with DIALOG Group.

## 2.4 Classes of Related Parties

The Company is principally an investment holding company incorporated to manage various subsidiaries which serve a wide spectrum of the petroleum and petrochemical industry. The principal activities of the subsidiaries are the provision of logistic services in tank terminals and supply base, upstream services, specialist products and services, engineering & construction, fabrication, plant maintenance & catalyst handling services and ePayment technology & solutions.

The Proposed Shareholders' Mandate involves RRPT, which are carried out by DIALOG Group with the Related Parties (as set out below). The Related Parties are joint venture companies which are subsidiaries of DIALOG, except for ePetrol Holding, ePetrol Silverswitch and Ascent Energy.

<b>Related Parties</b>	<b>DIALOG's % Effective Interest In Related Parties</b>	<b>Principal Activities</b>	<b>Interested Directors/Major Shareholders</b>
ePetrol Holding and its subsidiaries	17.4%	Provision of cashless payment systems, licensing and software maintenance	Tan Sri Dr Ngau Boon Keat and persons connected <sup>(1)</sup>
ePetrol Services	59.5%	Provision of payment system, IT system development, support and other related services	Tan Sri Dr Ngau Boon Keat and persons connected <sup>(1)</sup>
ePetrol Systems	38.9%	Operator of ePetrol payment system	Tan Sri Dr Ngau Boon Keat and persons connected <sup>(1)</sup>
ePetrol Silverswitch	11.3 %	Provision of centralized interchange services and other IT services	Tan Sri Dr Ngau Boon Keat and persons connected <sup>(1)</sup>

Note:-

- (1) Tan Sri Dr Ngau Boon Keat is a Director and Major Shareholder of DIALOG. Tan Sri Dr Ngau Boon Keat and persons connected to him have direct and indirect substantial interests in DIALOG. Tan Sri Dr Ngau Boon Keat is also a director and has substantial interest in ePetrol Holding and its subsidiaries via his private holding company which has substantial holdings in ePetrol Holding. He is also a director in the aforesaid private holding company. He also has substantial interest in ePetrol Services via ePetrol Holding, which has 49% interest in ePetrol Services. He also has substantial interest in ePetrol Systems via ePetrol Services and ePetrol Holding, which also has a direct interest of 49% in ePetrol Systems. He is also a director of ePetrol Silverswitch. He also has substantial interest in ePetrol Silverswitch via ePetrol Holding which has a direct interest of 65% in ePetrol Silverswitch.

<b>Related Party</b>	<b>DIALOG's % Effective Interest In Related Parties</b>	<b>Principal Activities</b>	<b>Interested Directors/Major Shareholders</b>
DPSPL	79.7%	Provision of plant maintenance, tank cleaning and other related activities in the petroleum and petrochemical industry	Toh Teck Seng <sup>(1)</sup> Tan Chee Wah <sup>(1)</sup>

Note:-

- (1) Mr Toh Teck Seng and Mr Tan Chee Wah have substantial interests in DEPL Group, whereby DPSPL is a subsidiary in DEPL Group. Pursuant to the amendment of the paragraph on Related Parties Transactions - Paragraph 10.08 (11)(1) of the Main Market Listing Requirements of Bursa Malaysia which was effective from 27 January 2015, Mr Toh Teck Seng and Mr Tan Chee Wah are no longer classified as related parties by virtue of their respective shareholdings in DPSPL and DEPL Group are less than 10%.

<b>Related Party</b>	<b>DIALOG's % Effective Interest In Related Parties</b>	<b>Principal Activities</b>	<b>Interested Directors/Major Shareholders</b>
Ascent Energy	-	Trading and provision of technical and engineering solutions in the upstream oil and gas industry.	Dr Yin Xudong <sup>(1)</sup>

Note:-

- (1) On 9 July 2015, Dialog Upstream Services Sdn Bhd ("DUSSB") which is a wholly owned subsidiary of DIALOG had acquired the remaining 25% equity interest in DSTSB from Ascent Energy. As a result, DSTSB has become a wholly-owned subsidiary of DIALOG.

Dr Yin Xudong was the Managing Director of DSTSB and had substantial interest in DSTSB via Ascent Energy. He was also a Director and had substantial interest in Ascent Energy. After 31 August 2015, transactions between DSTSB and Ascent Energy are not related party transactions by virtue of Dr Yin Xudong has ceased to have interest in DSTSB, resigned as Managing Director of DSTSB and termination of the services between DSTSB and Ascent Energy.

## 2.5 Information on Related Parties and Nature of RRPT

To enhance its competitiveness, competence and leadership position in the oil, gas and petrochemical industry, DIALOG Group taps into its respective joint venture companies' expertise and resources:-

- ePetrol Holding and its subsidiaries provides IT system development and support and other IT services to ePetrol Systems.

- ePetrol Services provides IT services to DIALOG Group, ePetrol Systems and ePetrol Holding and its subsidiaries.
- ePetrol Silverswitch, which is a subsidiary of ePetrol Holding, provides centralised interchange and other IT services to ePetrol Services.
- ePetrol Services rents office space and data centre rack at DIALOG’s corporate office (“DIALOG TOWER”). The DIALOG TOWER is owned by Dialog Properties Sdn Bhd (“Dialog Properties”) which is a 100% subsidiary of DIALOG. Dialog Properties is principally involved in the letting out and management of properties.
- DPSPL provides civil and mechanical skills of plant maintenance, tank cleaning and manpower supply to DEPL Group.
- DEPL provides shared services, which include business development, marketing, accounting, human resources, secretarial, administrative, treasury and finance functions, to DPSPL to achieve efficiency and reduce costs with better utilisation of resources, information systems and standardisation of processes.
- Ascent Energy provides professionally competent, skilled, experienced and qualified project personnel to a variety of technical service projects of DSTSB whose principal business is the marketing, promotion and supply of seismic technology and integrated field development services for upstream oil and gas activities.

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Below are Proposed Shareholders' Mandate for the RRPT, which are on an arm's length basis and are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of DIALOG.

(A) RRPT with ePetrol Holding and its subsidiaries are as follows:-

<b>Nature of RRPT</b>	<b>Provider / Vendor</b>	<b>Recipient / Purchaser</b>	<b>Interested Directors/Major Shareholders/ Persons Connected to Them</b>	<b>Estimated Value As Disclosed In The Preceding Year's Circular To Shareholders Dated 28 October 2014 ("Estimated Value") RM</b>	<b>Actual Value Transacted From 20 November 2014 to LPD ("Actual Value") RM</b>	<b>Estimated Value From 19 November 2015 To The Next AGM in 2016 RM</b>
Provision of IT system development and support and other IT services	ePetrol Holding and its subsidiaries	ePetrol Systems	Tan Sri Dr Ngau Boon Keat and persons connected	1,380,000	735,591	1,270,000

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(B) RRPT with ePetrol Services are as follows:-

<b>Nature of RRPT</b>	<b>Provider / Vendor</b>	<b>Recipient / Purchaser</b>	<b>Interested Directors/Major Shareholders/ Persons Connected to Them</b>	<b>Estimated Value As Disclosed In The Preceding Year's Circular To Shareholders Dated 28 October 2014 ("Estimated Value") RM</b>	<b>Actual Value Transacted From 20 November 2014 to LPD ("Actual Value") RM</b>	<b>Estimated Value From 19 November 2015 To The Next AGM in 2016 RM</b>
Provision of IT system development, maintenance, manpower supply, terminal inventory management system and other related IT services	ePetrol Services	DIALOG Group	Tan Sri Dr Ngau Boon Keat and persons connected	4,000,000	1,959,138	3,300,000
Provision of IT system development and support	ePetrol Services	ePetrol Systems	Tan Sri Dr Ngau Boon Keat and persons connected	3,700,000	5,705,612 <sup>(1)</sup>	3,400,000
Provision of centralised interchange and other IT services	ePetrol Services	ePetrol Holding and its subsidiaries	Tan Sri Dr Ngau Boon Keat and persons connected	168,000	134,302	155,000
Rent of office, approximately 6,896 square feet at DIALOG TOWER	Dialog Properties	ePetrol Services	Tan Sri Dr Ngau Boon Keat and persons connected	460,000	417,208	460,000 <sup>(2)</sup>
Rent of rack space, approximately 2 racks at DIALOG TOWER's data centre	Dialog Properties	ePetrol Services	Tan Sri Dr Ngau Boon Keat and persons connected	150,000	114,400	150,000 <sup>(3)</sup>

Notes:-

<sup>(1)</sup> The actual value transacted has exceeded the estimated value of RRPT as disclosed in the Circular to Shareholders dated 28 October 2014 by more than 10%. The variation was due to new project secured by ePetrol Systems and launching of new programme within existing project to provide manpower and resources with project management and IT services skills, which the bulk of the manpower and resources are provided by ePetrol Services.

<sup>(2)</sup> Based on fully furnished basis at RM5.50 per square foot per month. Rentals are payable monthly.

<sup>(3)</sup> The rental rate is RM5,200 per rack per month. Rental are payable monthly.

(C) RRPT with ePetrol Silverswitch are as follows:-

<b>Nature of RRPT</b>	<b>Provider / Vendor</b>	<b>Recipient / Purchaser</b>	<b>Interested Directors/Major Shareholders/ Persons Connected to Them</b>	<b>Estimated Value As Disclosed In The Preceding Year's Circular To Shareholders Dated 28 October 2014 ("Estimated Value") RM</b>	<b>Actual Value Transacted From 20 November 2014 to LPD ("Actual Value") RM</b>	<b>Estimated Value From 19 November 2015 To The Next AGM in 2016 RM</b>
Provision of centralised interchange and other IT services	ePetrol Silverswitch	ePetrol Services	Tan Sri Dr Ngau Boon Keat and persons connected	1,000,000	325,653	500,000

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(D) RRPT with DPSPL are as follows:-

<b>Nature of RRPT</b>	<b>Provider / Vendor</b>	<b>Recipient / Purchaser</b>	<b>Interested Directors/Major Shareholders/ Persons Connected to Them</b>	<b>Estimated Value As Disclosed In The Preceding Year's Circular To Shareholders Dated 28 October 2014 ("Estimated Value") RM</b>	<b>Actual Value Transacted From 20 November 2014 to LPD ("Actual Value") RM</b>	<b>Estimated Value From 19 November 2015 To The Next AGM in 2016 RM</b>
Provision of civil and mechanical works of plant maintenance, tank cleaning, manpower supply and other related services	DPSPL	DEPL Group	Toh Teck Seng Tan Chee Wah	12,800,000	10,039,774 <sup>(1)</sup>	-
Provision of shared services on business development, marketing, accounting, human resources, secretarial, administrative, treasury, finance and other related services	DEPL	DPSPL	Toh Teck Seng Tan Chee Wah	1,024,000	160,146 <sup>(1)</sup>	-

Note:

<sup>(1)</sup> Pursuant to the amendment of the paragraph on Related Parties Transactions - Paragraph 10.08 (11)(l) of the Main Market Listing Requirements of Bursa Malaysia which was effective from 27 January 2015, Mr Toh Teck Seng and Mr Tan Chee Wah are no longer classified as related parties by virtue of their respective shareholdings in DPSPL and DEPL Group are less than 10%. Hence, the actual value transacted is disclosed until 26 January 2015.

(E) RRPT with DSTSB are as follows:-

<b>Nature of RRPT</b>	<b>Provider / Vendor</b>	<b>Recipient / Purchaser</b>	<b>Interested Directors/Major Shareholders/ Persons Connected to Them</b>	<b>Estimated Value As Disclosed In The Preceding Year's Circular To Shareholders Dated 28 October 2014 ("Estimated Value") RM</b>	<b>Actual Value Transacted From 20 November 2014 to LPD ("Actual Value") RM</b>	<b>Estimated Value from 19 November 2015 to the Next AGM in 2016 RM</b>
Provision of professionally competent, skilled, experienced and qualified personnel for technical services in upstream oil and gas activities	Ascent Energy	DSTSB	Dr Yin Xudong	5,000,000	567,782	-

*Note:*

*After 31 August 2015, transactions between DSTSB and Ascent Energy are not related party transactions by virtue of Dr Yin Xudong has ceased to have interest in DSTSB, resigned as Managing Director of DSTSB and termination of the services between DSTSB and Ascent Energy. Hence, the actual value transacted is disclosed until 31 August 2015.*

Except for RRPT between ePetrol Services and ePetrol Systems, none of the Actual Value of RRPT under the existing mandate has exceeded the Estimated Value by 10% or more.

### **2.5.1 Amount Due and Owning by Related Parties**

As at 30 June 2015, being the end of the financial year of DIALOG, there was no amount due and owing by the Related Parties arising from RRPT under the Existing Mandate which exceeded the credit term.

### **2.5.2 Basis of Estimate and Disclosure Requirements**

The abovementioned estimated value of transactions are based on best estimates by the management, after taking into account historical trends and projected business volume during the validity of the Proposed Shareholders' Mandate. The actual transacted value may vary from the estimates shown above.

Disclosure will be made in the 2016 Annual Report of the Company on the breakdown of the actual value of the transactions made pursuant to the Proposed Shareholders' Mandate during the financial year.

### **2.6 Review Procedures and Processes for the RRPT**

DIALOG has established guidelines, procedures and processes to ensure RRPT are entered into on an arm's length basis and on normal commercial terms consistent with DIALOG Group's operating policies, which are not more favourable to the Related Parties than those obtained from third party or the public and are not to the detriment of the interests of the minority shareholders.

DIALOG has set up the following procedures and processes for the review and approval of RRPT:-

#### **A) Limits of Authority**

The approving authority practiced by DIALOG Group in relation to RRPT is that all RRPT will be reviewed and approved by the Group Management Committee.

#### **B) Monitoring of RRPT**

- (i) A list of Related Parties is established and made available to the finance managers and accountants of each business division and subsidiary of DIALOG Group, who shall monitor and put in place process to record and report on all RRPT for compilation and reporting to group finance.
- (ii) Process and procedures are in place to ensure that RRPT are entered into after taking into account the pricing and contract rates, terms and conditions, level of services and expertise required, health, safety and environment standard ("HSE"), strength of research and development, quality of products and services provided by/to the Related Parties as compared to prevailing market prices and rates, industry norms and standard as well as general practices by the service providers of similar capacities and capability generally available in the open market.
- (iii) The tendering process, where applicable, to ensure competitive bidding principle is observed in the procurement of most goods and services. These include the setting up of a tender committee and having at least 2 other contemporaneous transactions with unrelated parties for similar products or services to be used as comparison, where possible, and sufficient number of suppliers to bid to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated parties cannot be obtained (for instance, if there are no unrelated party vendors/customers of similar products or services, or if the product/service is a proprietary item), the transaction price

will be determined in accordance with the Group's usual business practices and policies, consistent with the usual margin of DIALOG Group for the same or substantially similar type of transaction made by the Group with unrelated third party to ensure that the RRPT is not detrimental to DIALOG Group.

- (iv) Related party transactions are subject to review and approval by the Board. Details of the transacting parties, particulars of the Related Parties and the terms of the transactions must be furnished to the Board.
- (v) Proper records will be maintained for all RRPT which are entered pursuant to the proposal and details of the RRPT will be disclosed in the annual report in accordance with the applicable approved accounting standards and relevant regulations.
- (vi) Part of the Terms of Reference of the Audit Committee is to review any related party transaction and conflict of interest situation that may arise within the DIALOG Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- (vii) DIALOG Group's annual internal audit plan has incorporated a review of the record in respect of the related party transactions entered into during the year and the procedures properly adhered to.
- (viii) All members of the Board, Audit Committee and the Group Management Committee who are directly or indirectly, interested in any transaction shall declare their interest in the transaction and abstain from deliberations and voting in respect of the related party transactions.
- (ix) Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to related party transactions from independent sources or advisers, including the obtaining of valuations from professional valuers.

## **2.7 Statement from Audit Committee**

The Audit Committee has seen and reviewed the procedures and processes mentioned in Section 2.6 above and is satisfied that DIALOG Group has in place adequate procedures to monitor, track, and identify RRPT in a timely and orderly manner, and frequency of review of these procedures and processes are made from time to time at least annually to ensure that the RRPT are:-

- (i) carried out on terms not more favourable to the Related Parties than those generally available to the public, and
- (ii) not to the detriment of the minority shareholders.

## **3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The rationale and the benefits of the Proposed Shareholders' Mandate for the RRPT are as follows:-

- (i) The Proposed Shareholders' Mandate will facilitate recurrent transactions with Related Parties in the ordinary course of business of DIALOG Group which are undertaken on an arm's length basis, on terms no more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders;
- (ii) The RRPT will enhance DIALOG Group's competitiveness, competence and leadership position in the oil, gas and petrochemical industry, whereby DIALOG Group taps into the expertise and resources of its respective joint venture companies which are subsidiaries of

DIALOG, except for ePetrol Holding and ePetrol Silverswitch, the details of which are explained in Section 2.5 above;

- (iii) The Proposed Shareholders' Mandate will enhance DIALOG Group's ability to pursue business opportunities, in particular those that are time-sensitive in nature; and
- (iv) The Proposed Shareholders' Mandate, which is to be renewed annually, will eliminate the requirement by the Company to make regular announcements and convene separate general meetings from time to time for the entry of RRPT. This would substantially reduce the time and expenses, and allow resources to be channelled towards achieving corporate objectives.

#### 4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any material effect on the issued and paid-up share capital, Directors' and substantial shareholders' shareholdings, earnings, net assets and working capital of DIALOG Group.

#### 5. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to the approval being obtained from the shareholders of the Company at the forthcoming 27<sup>th</sup> AGM.

#### 6. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS AND/OR PERSON(S) CONNECTED

Save for the following Interested Parties and Interested Major Shareholders who are interested in the Proposed Shareholders' Mandate, none of the other Directors or Major Shareholders and persons connected to them are interested in the Proposed Shareholders' Mandate.

Accordingly, the relevant Interested Parties have abstained and will continue to abstain from all deliberations and voting at the Board meetings in respect of the Proposed Shareholders' Mandate and will also abstain from voting on the resolution on the Proposed Shareholders' Mandate to be tabled at the forthcoming 27<sup>th</sup> AGM in respect of their direct and indirect shareholdings in the Company. In addition, the Interested Parties undertake to ensure that persons connected to them will abstain from voting, deliberating or approving on the Proposed Shareholders' Mandate at the forthcoming 27<sup>th</sup> AGM.

The Interested Major Shareholders will also abstain from voting on the resolution on the Proposed Shareholders' Mandate to be tabled at the forthcoming 27<sup>th</sup> AGM in respect of their direct and indirect shareholdings in the Company. In addition, the Interested Major Shareholders undertake to ensure that persons connected to them will abstain from voting, deliberating or approving on the Proposed Shareholders' Mandate at the forthcoming 27<sup>th</sup> AGM.

The shareholdings of the Interested Parties and Interested Major Shareholders as at the LPD are as follows:-

Interested Parties	Number of Shares held			
	Direct	%	Indirect	%
Tan Sri Dr Ngau Boon Keat and persons connected <sup>(1)</sup>	57,985,985	1.1	1,105,331,526	21.7
<b>Interested Major Shareholders</b>				
AUSB	462,315,418	9.1	-	-
WSSB	454,195,376	8.9	-	-

Notes:-

- <sup>(1)</sup> Tan Sri Dr Ngau Boon Keat is a Director and Major Shareholder of DIALOG. Tan Sri Dr Ngau Boon Keat and persons connected to him have direct and indirect substantial interests in DIALOG. Tan Sri Dr Ngau Boon Keat is also a director and has substantial interest in ePetrol Holding and its



Tan Sri Dr Ngau Boon Keat is also a director and has substantial interest in ePetrol Holding and its subsidiaries via his private holding company which has substantial holdings in ePetrol Holding. He is also a director in the aforesaid private holding company. He also has substantial interest in ePetrol Services via ePetrol Holding, which has 49% interest in ePetrol Services. He also has substantial interest in ePetrol Systems via ePetrol Services and ePetrol Holding, which also has a direct interest of 49% in ePetrol Systems. He is also a director of ePetrol Silverswitch. He also has substantial interest in ePetrol Silverswitch via ePetrol Holding which has a direct interest of 65% in ePetrol Silverswitch.

The Interested Parties and Interested Major Shareholders have all consented that a general mandate be sought under one resolution for all the RRPT despite several related parties and categories or classes of related parties being involved and they have also undertaken that they will ensure that persons connected to them (as defined in the Listing Requirements) will abstain from voting, deliberating or approving on the Proposed Shareholders' Mandate at the forthcoming 27<sup>th</sup> AGM.

## **7. DIRECTORS' RECOMMENDATION**

Having considered the rationale for the abovementioned Proposed Shareholders' Mandate, the Board (save for Tan Sri Dr Ngau Boon Keat in relation to the RRPT involving ePetrol Holding, ePetrol Services, ePetrol Systems and ePetrol Silverswitch in which Tan Sri Dr Ngau Boon Keat is interested in) is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly, recommends (save for Tan Sri Dr Ngau Boon Keat due to the reasons stated above) that you vote in favour of the ordinary resolution on the Proposed Shareholders' Mandate to be tabled at the forthcoming 27<sup>th</sup> AGM.

## **8. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendices for further information.

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

Datuk Oh Chong Peng  
Senior Independent Non-Executive Director

## APPENDIX I

### FURTHER INFORMATION

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#### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

#### 2. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by DIALOG and its subsidiaries during the two (2) years immediately preceding the date of this Circular.

#### 3. MATERIAL LITIGATION

Saved as disclosed below, neither DIALOG nor its subsidiaries are engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position or business of the Group and, to the best of the Board's knowledge and belief, 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 might materially and adversely affect the financial position or business of the Group preceding the date of this Circular.

##### Notice of Arbitration between Tanjung Langsat Port Sdn Bhd ("TLP") and Dialog E & C Sdn Bhd ("DECSB")

DECSB, a wholly-owned subsidiary of DIALOG, had on 9 April 2014, received a notice of arbitration dated 7 April 2014 from TLP for arbitral proceedings pursuant to the provisions of an engineering, procurement, construction and commissioning contract dated 18 October 2006 ("EPCC Contract") and a settlement agreement dated 13 May 2011. The arbitration has been referred to the Kuala Lumpur Regional Centre for Arbitration.

TLP and DECSB entered into the EPCC Contract for the engineering, procurement, construction and commissioning of a 100,000 cubic metres oil terminal project ("Facility") at Tanjung Langsat Port, Johor, Malaysia for a contract price of RM89.5 million. The terminal commenced operations after DECSB had completed the project and in accordance with the agreed scope of the contract, which also saw handover of the completed project to TLP. However, there was an unfortunate fire incident that took place at the terminal on 17 August 2008 leading to TLP's Notice of Arbitration.

TLP is claiming that the fire incident was caused by DECSB's breaches of its obligations under the EPCC Contract and alleging that it is entitled to the following sums:

1. RM22,431,934.40 for repair and reconstruction costs of the Facility incurred by TLP;
2. RM2,291,596.71 for repair and reconstruction costs of the Facility payable by TLP;
3. All costs and expenses to be incurred by TLP in remedying and rectifying the defective design and/or construction of the Facility, which is currently estimated at RM8,000,000.00;
4. RM76,744,788.54 for loss of profits had the Facility been approved by Platts or alternatively, RM62,144,788.54 for loss of profits if the Facility remained unapproved by Platts;
5. An indemnity against all of TLP's liability towards TLP's dedicated user, which includes but is not limited to: (i) USD20,747,275.20 for value of the loss of product stored in the Facility; (ii) USD2,108,497.00 for additional costs, fees and expenses incurred; and (iii) USD118,374,250.00 for the dedicated user's loss of use of the Facility;
6. Interest on the sums referred to above until full settlement;
7. Costs; and
8. Such other reliefs as the tribunal deems fit.

The matter is pending arbitration process and hearing of the matter has been set for August 2016. DIALOG is of the opinion that the arbitration proceeding is not expected to have any impact on the operational and financial position of the Group for the financial year ending 30 June 2016.

#### Commencement of Arbitration Proceedings against Tanjung Langsat Port Sdn Bhd (“TLP”)

DIALOG’s 55% owned company, Centralised Terminals Sdn Bhd (“CTSB”) (through its 80% owned subsidiary Langsat Terminal (One) Sdn Bhd (“LgT-1”) has, on 8 October 2014, commenced arbitration proceedings against TLP. TLP filed its Response to Notice of Arbitration on 7 November 2014.

CTSB is 55% owned by DIALOG and 45% owned by MISC Berhad, which is a public company listed on the Main Market of Bursa Malaysia. LgT-1, the claimant, is the owner and operator of the 476,000 m<sup>3</sup> tank terminal facility for the handling, storage and processing of petroleum and petroleum-related products located at Tanjung Langsat, Johor, Malaysia.

TLP, the respondent, is a wholly owned subsidiary of Johor Corporation Berhad and has been granted licence by the Johor Port Authority to carry on the business of operating and managing a port as well as providing port and jetty facilities at the Port of Tanjung Langsat in the State of Johor Darul Takzim.

The arbitration proceedings are pursuant to the provisions of the Concession Agreement dated 12 April 2007 and Deed of Novation dated 21 June 2007. The commencement of the arbitration proceedings against TLP, is in relation to the recovery of losses and damages suffered by LgT-1. LgT-1 is claiming for TLP’s breaches of its obligations to provide a minimum draft of 16.5 metres at the approach channel in order that the partially laden Very Large Crude Carriers would be able to access and berth at the port. The arbitration has been referred to the Kuala Lumpur Regional Centre for Arbitration.

In July 2015, LgT-1 filed its Statement of Claim and TLP filed its Defence and Counterclaim in August 2015. The matter is pending arbitration process and hearing of the matter is currently expected to be in December 2016. DIALOG is of the opinion that the arbitration proceeding is in the best interest to preserve LgT-1’s rights under the provisions of the Concession Agreement dated 12 April 2007.

DIALOG is also of the opinion that the arbitration proceeding is not expected to have any impact on the operational and financial position of DIALOG for the financial year ending 30 June 2016.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at DIALOG TOWER, No 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan during normal business hours on Mondays to Fridays (except public holidays) from the date of this Circular until the date of the AGM:-

- (i) Memorandum and Articles of Association of DIALOG;
- (ii) Audited consolidated financial statements of DIALOG Group for the past two (2) financial years ended 30 June 2014 and 2015; and
- (iii) Notices of arbitration in respect of material litigations referred to under Section 3 of this Appendix.

**DIALOG**

## **DIALOG GROUP BERHAD**

*(Company Number: 178694-V)*  
(Incorporated in Malaysia under the Companies Act, 1965)

### **EXTRACT OF THE NOTICE OF ANNUAL GENERAL MEETING**

#### **Resolution 7**

##### PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT, subject to the Companies Act, 1965, the Memorandum and Articles of Association 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 of RM0.10 each 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 of RM0.10 each purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company (Proposed Renewal of Share Buy-Back Authority) and that an amount not exceeding the total audited retained profits and share premium account 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 authority be and is hereby given to the Directors of the Company to decide in their discretion to either retain the ordinary shares of RM0.10 each purchased pursuant to the Proposed Renewal of Share Buy-Back Authority as treasury shares and/or to resell the treasury shares and/or to distribute them as share dividends and/or to cancel them.”

#### **Resolution 8**

##### PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF A REVENUE OR TRADING NATURE

“THAT, subject to the Companies Act, 1965 (Act), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of any other relevant authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature (Recurrent Related Party Transactions) as set out in Section 2.5 of Part B of the Circular to Shareholders dated 27 October 2015 subject further to the following:-

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

- (ii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted during a financial year and that such approval shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-
  - (a) the conclusion of the next Annual General Meeting (AGM) of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
  - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,whichever is the earlier.
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution.”