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DIALOG GROUP BERHAD

(Company Number: 178694-V)

(Incorporated in Malaysia under the Companies Act, 1965)

PART A

INFORMATION ON ANNUAL GENERAL MEETING

AND

PART B

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

The Notice of the 28th 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, 24 November 2016 at 10.00 a.m. together with a Proxy Form are enclosed herein and in the Annual Report of Dialog Group Berhad for the financial year ended 30 June 2016. The Proxy Form 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 Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

This Circular is dated 25 October 2016

PART A:

INFORMATION ON ANNUAL GENERAL MEETING

- **NOTICE OF THE TWENTY-EIGHTH ANNUAL
GENERAL MEETING AND DIVIDEND
ENTITLEMENT**
- **PROXY FORM**
- **ANNUAL REPORT 2016 REQUEST FORM**

NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING AND DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of Dialog Group Berhad (“Dialog” or the “Company”) will be held at **Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 24 November 2016 at 10.00 a.m.** to consider the following matters:

AGENDA

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To approve the payment of a Final Single Tier Cash Dividend of 1.2 sen per ordinary share in respect of the financial year ended 30 June 2016. | (Resolution 1) |
| 3. To re-elect Kamariyah Binti Hamdan, the director retiring pursuant to Article 96 of the Company’s Articles of Association. | (Resolution 2) |
| 4. To re-elect Siti Khairon Binti Shariff, the director retiring pursuant to Article 96 of the Company’s Articles of Association. | (Resolution 3) |
| 5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

“That pursuant to Section 129(6) of the Companies Act, 1965, Datuk Oh Chong Peng be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company.” | (Resolution 4) |
| 6. To approve the payment of Directors’ fees of RM442,000 in respect of the financial year ended 30 June 2016 (2015: RM442,000). | (Resolution 5) |
| 7. To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 6) |
| 8. Special Business:- | |

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

(A) ORDINARY RESOLUTION 1

– 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 7)

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

NOTICE IS ALSO HEREBY GIVEN that the Final Single Tier Cash Dividend of 1.2 sen per ordinary share held in Dialog, if approved, will be paid on 20 December 2016 to shareholders whose names appear in the Record of Depositors at the close of business on 2 December 2016.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 2 December 2016 in respect of ordinary transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

ZAINAB BINTI MOHD SALLEH, MIA 7672

LIM HOOI MOOI, MAICSA 0799764

CHAY SIEW KIM, MAICSA 7012266

Joint Company Secretaries

Petaling Jaya

25 October 2016

Notes:

- (a) Other than an exempt authorised nominee, a member of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (b) A proxy need not be a member of the Company and a member may appoint any person to be his proxy, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation under its Common Seal or the hand of its duly authorised officer or attorney.
- (d) An instrument appointing a proxy must be deposited at the Registered Office of the Company at DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting ("AGM") or any adjournment thereof.
- (e) Members whose names appear in the Record of Depositors as at 17 November 2016 shall be regarded as members entitled to attend, speak and vote at the AGM or appoint a proxy or proxies to attend, speak and vote in his stead.
- (f) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll.

Explanatory Notes to the Agenda:

1. Item 1 of the Agenda

The audited financial statements are for discussion only as it does not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, it will not be put for voting.

2. Special Business

Item 8 of the Agenda

The proposed Resolution No. 7, if passed, will empower Directors of the Company to purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company. For further information on the Proposed Renewal of Share Buy-Back Authority, please refer to Part B of the Circular to Shareholders dated 25 October 2016 enclosed together with the Company's Annual Report 2016.

STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY

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

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

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

PROXY FORM



DIALOG GROUP BERHAD

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

No. of Ordinary Shares Held	
CDS Account No.	

I/We _____

I.C./Passport/Company No. _____

of _____

being a member of **DIALOG GROUP BERHAD** hereby appoint _____

I.C./Passport No. _____

of _____

or failing him, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held at **Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 24 November 2016 at 10.00 a.m.** and at any adjournment thereof.

No.	Resolution	For	Against
1.	To approve the payment of a Final Single Tier Cash Dividend of 1.2 sen per ordinary share for the financial year ended 30 June 2016.		
2.	To re-elect Kamariyah Binti Hamdan, the director retiring pursuant to Article 96 of the Company's Articles of Association.		
3.	To re-elect Siti Khairon Binti Shariff, the director retiring pursuant to Article 96 of the Company's Articles of Association.		
4.	Re-appointment of Datuk Oh Chong Peng who is retiring under Section 129(6) of the Companies Act, 1965.		
5.	To approve the payment of Directors' fees in respect of the financial year ended 30 June 2016.		
6.	To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Special Business – Ordinary Resolution 1		

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

Dated this _____ day of _____ 2016

Signature/Common Seal of Shareholder(s)

Date:

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	_____ %
Proxy 2	_____ %
Total	_____ 100%



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Notes:

- (a) Other than an exempt authorised nominee, a member of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (b) A proxy need not be a member of the Company and a member may appoint any person to be his proxy, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation under its Common Seal or the hand of its duly authorised officer or attorney.
- (d) An instrument appointing a proxy must be deposited at the Registered Office of the Company at DIALOG TOWER, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting ("AGM") or any adjournment thereof.
- (e) Members whose names appear in the Record of Depositors as at 17 November 2016 shall be regarded as members entitled to attend, speak and vote at the AGM or appoint a proxy or proxies to attend, speak and vote in his stead.
- (f) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll.

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STAMP

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

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ANNUAL REPORT 2016 REQUEST FORM



DIALOG GROUP BERHAD

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

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

Homepage : www.dialogasia.com
Contact Person : Ms Chay Siew Kim or Ms Soong Pooi Ling
Email : annualreport@dialogasia.com
Tel. No. : 6 03 7717 1111
Fax No. : 6 03 7725 1032

Please send me/us a printed copy of the Dialog Group Berhad Annual Report 2016.

Particular of Shareholders

Name : _____

NRIC/Passport/Co. No. : _____

CDS Account No. : _____

Address : _____

Tel. No. : _____

Date : _____ Signature : _____

Note to Shareholders:

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



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STAMP

The Company Secretary
DIALOG GROUP BERHAD
(Company No. 178694-V)

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

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PART B:

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

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

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DEFINITIONS

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
Board	:	The Board of Directors of DIALOG
Bursa Malaysia	:	Bursa Malaysia Securities Berhad (<i>Company No. 635998-W</i>)
Code	:	The Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time and any re-enactment thereof
DIALOG Share(s)/Share(s)	:	Ordinary share(s) 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 2016, 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
RM and sen	:	Ringgit Malaysia and sen respectively
Share Buy-Back Statement	:	Share Buy-Back Statement in relation to the Proposed Renewal of Share Buy-Back Authority
VWAP	:	Volume weighted average market price
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 B: SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

The shareholders of DIALOG had, at the 27th AGM of the Company held on 19 November 2015, 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 28th AGM of the Company, unless renewed by shareholders.

On 1 September 2016, the Company announced that it proposes to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority at the 28th AGM to be convened on 24 November 2016.

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 24 November 2016.

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 RM428,226,000 and RM571,542,000 respectively based on the latest audited financial statements as at 30 June 2016.

- 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 238,500,437 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 112,790,839 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:-

	Scenario 1	Scenario 2
	No. of Shares	No. of Shares
Issued and paid-up ordinary share capital as at the LPD	5,301,679,602	5,301,679,602
To be issued assuming full exercise of exercisable ESOS options	238,500,437	-
	5,540,180,039	5,301,679,602
To be issued assuming full exercise of Warrants	112,790,839	-
Enlarged issued and paid-up ordinary share capital	5,652,970,878	5,301,679,602
Maximum number of DIALOG Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority[^]	565,297,087	530,167,960
Share capital after cancellation of Shares bought back	5,087,673,791	4,771,511,642

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.

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

5.2 Directors' and Substantial Shareholders' Shareholdings

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

Scenario 1

Directors' Shareholdings

Directors' Shareholdings	Existing shareholdings as at LPD			(I) Assuming full exercise of the exercisable ESOS options			(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	% ^(f)	No. of Shares	% ^(g)	No. of Shares	% ^(g)	No. of Shares	% ^(h)	No. of Shares	% ^(h)
Tan Sri Dr Ngau Boon Keat	49,984,083 ^(a)	0.9	1,080,672,868 ^(b)	1.2	65,904,103	19.5	1,082,445,842	1.2	65,904,103	19.2
Chan Yew Kai	30,515,967 ^(a)	0.6	-	0.8	41,948,667	-	-	0.7	41,948,667	-
Datuk Oh Chong Peng	-	-	-	-	-	-	-	-	-	-
Kamariyah Binti Hamdan	1,938,614 ^(a)	Neg	268,158 ^(c)	Neg	1,938,614	Neg	268,158	Neg	1,938,614	268,158
Ja'afar Bin Riham	-	-	-	-	-	-	-	-	-	-
Siti Khairon Binti Shariff	-	-	-	-	-	-	-	-	-	-
Chew Eng Kar	5,427,456 ^(a)	0.1	10,138,607 ^(d)	0.3	16,553,560	0.2	10,138,607	0.3	16,553,560	10,138,607
Zainab Binti Mohd Salleh	5,382,583 ^(a)	0.1	-	0.3	14,302,479	-	-	0.3	14,302,479	-

Scenario 1

Directors' Shareholdings (Cont'd)

Directors' Shareholdings	After (II) and the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect	
	No. of Shares	% ⁽ⁱ⁾	No. of Shares	% ⁽ⁱ⁾
Tan Sri Dr Ngau Boon Keat	65,904,103	1.3	1,082,445,842	21.3
Chan Yew Kai	41,948,667	0.8	-	-
Datuk Oh Chong Peng	-	-	-	-
Kamariyah Binti Hamdan	1,938,614	Neg	268,158	Neg
Ja'afar Bin Rihaman	-	-	-	-
Siti Khairon Binti Shariff	-	-	-	-
Chew Eng Kar	16,553,560	0.3	10,138,607	0.2
Zainab Binti Mohd Salleh	14,302,479	0.3	-	-

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	% ^(f)	No. of Shares	% ^(g)	No. of Shares	% ^(g)	No. of Shares	% ^(h)	No. of Shares	% ^(h)
Employees Provident Fund Board ("EPF")	668,316,104 ^(a)	12.6	-	-	668,316,104	12.1	-	668,316,104	11.8	-
Azam Utama Sdn Bhd	462,563,330 ^(a)	8.7	-	-	462,563,330	8.4	-	462,563,330	8.2	-
Wide Synergy Sdn Bhd	426,970,688 ^(a)	8.1	-	-	426,970,688	7.7	-	426,970,688	7.6	-
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	294,918,386 ^(a)	5.6	38,345,030 ^(e)	0.7	294,918,386	5.3	38,345,030	294,918,386	5.2	38,345,030
Tan Sri Dr Ngau Boon Keat	49,984,083 ^(a)	0.9	1,080,672,868 ^(b)	20.4	65,904,103	1.2	1,082,445,842	65,904,103	1.2	1,082,445,842

Substantial Shareholders' Shareholdings	After (II) and the Proposed Renewal of Share Buy-Back Authority		
	Direct		Indirect
	No. of Shares	% ⁽ⁱ⁾	No. of Shares
EPF	668,316,104	13.1	-
Azam Utama Sdn Bhd	462,563,330	9.1	-
Wide Synergy Sdn Bhd	426,970,688	8.4	-
KWAP	294,918,386	5.8	38,345,030
Tan Sri Dr Ngau Boon Keat	65,904,103	1.3	1,082,445,842
			21.3

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 her spouse's interest.
- (d) - Deemed interested by virtue of his interest in CEKimyst Sdn Bhd and his family trust.
- (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 5,298,344,570 Shares as at LPD.
- (g) - Based on the enlarged issued and paid-up share capital (less treasury shares of 3,335,032) of 5,536,845,007 Shares, under Scenario 1.
- (h) - Based on the enlarged issued and paid-up share capital (less treasury shares of 3,335,032) of 5,649,635,846 Shares, under Scenario 1.
- (i) - Based on the enlarged issued and paid-up share capital (less treasury shares of 565,297,087) of 5,087,673,791 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	% ^(f)	No. of Shares	% ^(g)	No. of Shares	% ^(g)		
Tan Sri Dr Ngau Boon Keat	49,984,083 ^(e)	0.9	1,080,672,868 ^(b)	20.4	49,984,083	1.0	1,080,672,868	22.6
Chan Yew Kai	30,515,967 ^(e)	0.6	-	-	30,515,967	0.6	-	-
Datuk Oh Chong Peng	-	-	-	-	-	-	-	-
Kamariyah Binti Hamdan	1,938,614 ^(e)	Neg	268,158 ^(c)	Neg	1,938,614	Neg	268,158	Neg
Ja'afar Bin Riham	-	-	-	-	-	-	-	-
Siti Khairon Binti Shariff	-	-	-	-	-	-	-	-
Chew Eng Kar	5,427,456 ^(e)	0.1	10,138,607 ^(d)	0.2	5,427,456	0.1	10,138,607	0.2
Zainab Binti Mohd Salleh	5,382,583 ^(e)	0.1	-	-	5,382,583	0.1	-	-

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	% ^(f)	No. of Shares	% ^(f)	No. of Shares	% ^(g)	No. of Shares	% ^(g)
EPF	668,316,104 ^(a)	12.6	-	-	668,316,104	14.0	-	-
Azam Utama Sdn Bhd	462,563,330 ^(a)	8.7	-	-	462,563,330	9.7	-	-
Wide Synergy Sdn Bhd	426,970,688 ^(a)	8.1	-	-	426,970,688	8.9	-	-
KWAP	294,918,386 ^(a)	5.6	38,345,030 ^(c)	0.7	294,918,386	6.2	38,345,030	0.8
Tan Sri Dr Ngau Boon Keat	49,984,083 ^(a)	0.9	1,080,672,868 ^(b)	20.4	49,984,083	1.0	1,080,672,868	22.6

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 her spouse's interest.

^(d) - Deemed interested by virtue of his interest in CEKinvt Sdn Bhd and his family trust.

^(e) - Shares are held by KWAP fund manager

^(f) - Based on the enlarged issued and paid-up share capital (less treasury shares of 3,335,032) of 5,298,344,570 Shares as at LPD.

^(g) - Based on the enlarged issued and paid-up share capital (less treasury shares of 530,167,960) of 4,771,511,642 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	75.8%	73.1%	73.1%

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 2016, the Company declared the following dividends:-

- Interim cash dividend of 1.00 sen per Share amounting to RM52,657,262 was paid on 28 June 2016; and
- Proposed final cash dividend of 1.20 sen per Share amounting to approximately RM63,300,000 as recommended by the Directors for the shareholders' approval at the forthcoming 28th 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 28th AGM.

8. PURCHASE, RESALE AND CANCELLATION OF SHARES MADE IN THE FINANCIAL YEAR ENDED 30 JUNE 2016

For the financial year ended 30 June 2016, the Company has not purchased or cancelled its own shares or resold any of its treasury shares. As at 30 June 2016, DIALOG held a total of 3,335,032 treasury shares.

Further information on the purchase of Shares by the Company is set out in Note 20-Share Capital of the Company's Audited Financial Statements for the financial year ended 2016.

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 28th AGM.

11. ANNUAL GENERAL MEETING

The Notice of Twenty-Eighth AGM to consider and if thought fit, pass the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority as set out herein is also enclosed in the Annual Report 2016. The Twenty-Eighth AGM will be held on Thursday, 24 November 2016 at 10.00 a.m. at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

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

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