

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

Minutes of the Twenty-Ninth Annual General Meeting of Dialog Group Berhad (Dialog or Company) held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, on Thursday, 23 November 2017 at 10.00 a.m.

Present: As per Attendance List

1. WELCOME & NOTICE

Chairman welcomed everyone to the meeting and proceeded with the safety briefing by Sime Darby Convention Centre. Thereafter, the Secretary confirmed that a quorum was present. The notice convening the meeting was taken as read.

Chairman informed that voting for the businesses of the meeting would be by poll, which would be taken after the questions for the proposed resolutions had been dealt with.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The audited financial statements for the financial year ended 30 June 2017 were tabled to the meeting and Chairman invited questions from the floor.

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

After answering all the questions (including key matters discussed as per Appendix 1), Chairman declared that the audited financial statements for the financial year ended 30 June 2017, together with the Reports of the Directors and Auditors thereon, had been properly laid and received.

3. FINAL SINGLE TIER CASH DIVIDEND

Chairman informed that the final cash dividend, if approved, would be paid and distributed on 20 December 2017 to the shareholders whose names appear in the Record of Depositors at the close of business on 4 December 2017.

There being no question raised, Chairman proceeded with the next agenda item.

4. RE-ELECTION OF CHAN YEW KAI

Chairman informed that Mr Chan Yew Kai was due to retire under Article 96 of the Company's Articles of Association. Being eligible, Mr Chan Yew Kai had offered himself for re-election.

After answering the question raised, the Chairman proceeded with the next agenda item.

5. RE-ELECTION OF CHEW ENG KAR

Chairman informed that Mr Chew Eng Kar was due to retire under Article 96 of the Company's Articles of Association. Being eligible, Mr Chew Eng Kar had offered himself for re-election.

There being no question raised, Chairman proceeded with the next agenda item.

6. RE-ELECTION OF JA'AFAR BIN RIHAN

Chairman informed that En. Ja'afar Bin Rihan was due to retire under Article 96 of the Company's Articles of Association. Being eligible, En. Ja'afar Bin Rihan had offered himself for re-election.

There being no question raised, Chairman proceeded with the next agenda item.

7. RE-APPOINTMENT OF DATUK OH CHONG PENG

The meeting then proceeded with the motion on the re-appointment of Datuk Oh Chong Peng as Director of the Company.

There being no question raised, Chairman proceeded with the next agenda item.

8. PAYMENT OF DIRECTORS' FEES

Chairman informed that a sum of RM471,000.00 was recommended for payment as Directors' Fees and Board Committees' Fees for the financial year ended 30 June 2017.

After answering a question, the Chairman proceeded with the next agenda item.

9. PAYMENT OF DIRECTORS' BENEFITS

Chairman informed that a sum of RM275,000.00 was recommended for payment as Directors' Benefits (other than Directors' Fees and Board Committees' Fees) from 31 January 2017 to the next Annual General Meeting of the Company.

There being no question raised, Chairman proceeded with the next agenda item.

10. RE-APPOINTMENT OF AUDITORS

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

It was noted that Messrs BDO had indicated their willingness to continue in office.

There being no question raised, Chairman proceeded with the next agenda item.

11. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Chairman informed that the passing of the proposed resolution would empower the Company to purchase and/or hold up to ten percent (10%) of the total issued and paid-up share capital of the Company. This authority would, unless revoked or varied by the Company at a General Meeting, expire at the next Annual General Meeting. The full details of the Proposed Renewal of Share Buy-Back Authority were set out in Part B of the Circular to Shareholders dated 25 October 2017, which was enclosed together with the Company's Annual Report 2017.

There being no other questions raised, Chairman informed that since the Company had not received any notice of any matter to be transacted as provided for under item 11 of the agenda, all the motions as tabled under the Notice of Annual General Meeting would be put to vote by poll.

POLL PROCESS

Chairman informed that the Company had appointed Messrs Deloitte as the scrutineers for the poll. He added that the registration counter would be closed for the purposes of determining the number of shares represented and the persons entitled to vote. The polling stations were set up at the side of the ballroom and the representatives from Symphony Share Registrars would be present at each polling station to provide assistance. Voting would be closed after 30 minutes.

The meeting was adjourned for approximately 45 minutes for the polling and the vote results to be ascertained. The meeting was later re-convened for the declaration of the poll results.

ANNOUNCEMENT OF POLL RESULTS

At 11.28 a.m., Chairman reconvened the meeting for the declaration of poll results. He directed the meeting to the poll results in respect of Ordinary Resolutions 1 to 9 as displayed, which were as follows:

Resolutions	For		Against		Total Votes	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Resolution 1	3,102,430,140	99.9999	2,072	0.0001	3,102,432,212	100
Resolution 2	2,970,887,683	95.76	131,544,529	4.24	3,102,432,212	100
Resolution 3	2,970,889,705	95.76	131,542,507	4.24	3,102,432,212	100
Resolution 4	2,949,990,153	95.0864	152,442,059	4.9136	3,102,432,212	100
Resolution 5	3,071,860,634	99.0146	30,571,578	0.9854	3,102,432,212	100
Resolution 6	3,101,748,290	99.9783	674,598	0.0217	3,102,422,888	100
Resolution 7	3,102,426,212	100	0	0	3,102,426,212	100
Resolution 8	3,096,362,238	99.9999	4,374	0.0001	3,096,366,612	100
Resolution 9	3,102,105,090	100	0	0	3,102,105,090	100

He then declared as follows:

RESOLUTION 1: FINAL SINGLE TIER CASH DIVIDEND

“THAT the payment of a Final Single Tier Cash Dividend of 1.45 sen per ordinary share in respect of the financial year ended 30 June 2017 be approved AND THAT the Final Single Tier Cash Dividend be payable on 20 December 2017 to shareholders whose names appear in the Record of Depositors at the close of business on 4 December 2017” was carried.

RESOLUTION 2: RE-ELECTION OF DIRECTOR – CHAN YEW KAI

“THAT Chan Yew Kai, the Director retiring pursuant to Article 96 of the Company’s Articles of Association and being eligible, be hereby re-elected as Director of the Company” was carried.

RESOLUTION 3:
RE-ELECTION OF DIRECTOR – CHEW ENG KAR

“THAT Chew Eng Kar, the Director retiring pursuant to Article 96 of the Company’s Articles of Association and being eligible, be hereby re-elected as Director of the Company” was carried.

RESOLUTION 4:
RE-ELECTION OF DIRECTOR – JA’AFAR BIN RIHAN

“THAT Ja’afar Bin Rihan, the Director retiring pursuant to Article 96 of the Company’s Articles of Association and being eligible, be hereby re-elected as Director of the Company” was carried.

RESOLUTION 5:
RE-APPOINTMENT OF DATUK OH CHONG PENG AS A DIRECTOR OF THE COMPANY

“THAT Datuk Oh Chong Peng, the Director retiring pursuant to Section 129 of the Companies Act, 1965 and being eligible, be hereby re-appointed as a Director of the Company” was carried.

RESOLUTION 6:
PAYMENT OF DIRECTORS’ FEES

“THAT the payment of Directors’ Fees and Board Committees’ Fees of RM471,000.00 in respect of the financial year ended 30 June 2017 be and is hereby approved” was carried.

RESOLUTION 7:
PAYMENT OF DIRECTORS’ BENEFITS

“THAT the payment of Directors’ Benefits of RM275,000.00 from 31 January 2017 to the next Annual General Meeting of the Company be and is hereby approved” was carried.

RESOLUTION 8:
RE-APPOINTMENT OF AUDITORS

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

**RESOLUTION 9:
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

“THAT, subject to the Companies Act 2016, 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 in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors of the Company may deem fit in the interest of the Company provided that the aggregate number of ordinary shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total 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 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 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.” was carried.

CLOSURE

The meeting was declared closed at 11.30 a.m. with a vote of thanks to the Chair.

Signed as a correct record,

CHAIRMAN

Date:

DIALOG GROUP BERHAD

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**Twenty-Ninth Annual General Meeting
Thursday, 23 November 2017 at 10.00 a.m.**

**Key Matters Discussed
(Appendix 1)**

AGENDA ITEM 1: AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Q1.

- a) The depressed oil and gas prices which has dampened investments in the upstream sector of the petroleum industry has, however, benefitted the midstream and downstream sectors.

As DIALOG is an integrated technical services provider to the upstream, midstream and downstream sectors, could the Board enlighten shareholders on the following:-

- (i) How has the upstream sector been negatively impacted year-on-year, if any?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

DIALOG was consistent in its business strategic direction. Even though the oil price fell sharply two years ago and had negatively impacted the upstream sector, the midstream and downstream sectors were doing well and DIALOG's financial position remained positive.

- (ii) How did the midstream and downstream sectors fare year-on-year and to what extent, if any, they had been able to mitigate any negative impact faced by the upstream sector?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The Upstream sector was maintained at positive financial position even though it was not performing well but midstream and downstream had performed well during the same period of time.

- b) We refer to the recent acquisition of the remaining 45% interest in the jointly controlled Centralised Terminals Sdn. Bhd ("CTSB").

- (i) What is the price earnings multiple and price to book value per share of CTSB paid by Dialog for the acquisition?
- (ii) What are the estimated incremental earnings per share and net assets per share to be contributed by CTSB for FYE 30 June 2018?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The Midstream would continue to expand and the Group expected to get at least one-third or more income from Midstream as most were recurring income. The acquisition is expected to contribute positively to the recurring income of the Group.

- c) In his Statement, the Executive Chairman stated the Group will continue to grow its core businesses with recurring income especially in expanding its Logistic businesses, which include storage tank terminals and the supply base.

Could the Board brief on:

- (i) Group recurring income as a percentage to Group revenue?
- (ii) The progress and status of the Group's expansion in Logistic businesses?
- (iii) The significance of the revenue contribution from Logistic businesses?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

DIALOG's business model includes core businesses with recurring income such as logistics services and maintenance projects where the length of projects were between 3 years to 5 years.

- d) Joint Ventures' ("JVs") operations contributed 51.3% more profits to the Group mainly attributable to increased contributions from terminal operations which experienced improved occupancy rates and better fees for its tank storage facilities during the financial year.

What is the outlook for the JVs' operations for YR 2018 and in particular, does the Board expect further improved occupancy rates and much better fees for the tank storage facilities?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

Occupancy rate was good last year, operationally it was almost full due to limited storage tanks. As announced in Annual Report 2017, the expansion in Pengerang was in progress and the Company also intended to expand the tanks at Tanjung Langsat, Johor following its acquisition of a tankage facility and additional land in Tanjung Langsat. Tank storage facilities business would provide more recurring income in the long term.

- e) As stated in the MD&A, the Front End Engineering Design (“FEED”) for the Refrigerated Gases Facilities (Ethylene and Propylene) as well as other petrochemical facilities has been completed and construction is currently in progress.

- (i) When will the facilities be expected to be completed?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The facilities were designed and built for Pengerang Terminals (Two) Sdn Bhd, a joint venture between DIALOG, PETRONAS, VOPAK and Johor State Government. It was estimated to be ready for operations in the first quarter of year 2019. This joint venture (part of Phase 2 of Pengerang Deepwater Terminal) was expected to provide more recurring income in the future.

- (ii) Would the Board be able to brief on the prospects/outlook?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The outlook for DIALOG was expected to be good due to its recurring income business and customers had been secured. As per announcement by Petronas Gas Berhad (“PGB”), Pengerang LNG (Two) Sdn Bhd (part of Phase 2 Pengerang Deepwater Terminal) became commercialized for LNG tank storage from beginning of November 2017. The storage capacity of Phase 2 was estimated to double the current capacity of Phase 1. Most of the customers’ contracts were with long term tenures and all would provide recurring income.

Q2.

- a) Upstream business compared with Midstream and Downstream did not perform as well. Product and Services were affected due to the drop in oil price, would there be any improvement of Upstream business with product and services in 2018?

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

Currently the oil price was slightly better and had recovered from USD30 to USD60 compared with last year. The market was slow for Upstream but DIALOG focuses in others region besides South East Asia such as Europe, East & West of Africa. Based on the sales revenue of South East Asia region, results were down, but Europe, East & West of Africa showed positive progress and managed to maintain the sales revenue and operation in positive position. Even though sales revenue of South East Asia region did not increase significantly but the progress of Europe, Middle East & West of Africa helped to maintain the margin of Upstream business.

- b) Q1 2018 Financial Result – Fair Value Gain

Answered by Puan Zainab Mohd Salleh, Group Chief Financial Officer

The Group currently owned 55% interest and acquired the balance of 45% at market value in September 2017. She also briefed that the accounting standard required that the investment be marked to market on the existing 55% investment to the fair value. Thereby, recorded RM66 million fair value gain.

- Q3. A shareholder asked for additional dividend to shareholders as the Company performed well for the current year.

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

DIALOG has its own dividend payout policy which was at least 40%. The Company should be maintained at good financial position for the purpose of growth. With the market condition which might turn down or slow DIALOG aimed to maintain its gearing ratio.

Answered by Puan Zainab Mohd Salleh, Group Chief Financial Officer

Based on the Management Discussion and Analysis found in the Annual Report 2017 on page 039, the target financial KPI was to maintain the Net Gearing ratio at 0.5 and below.

AGENDA ITEM 7: PAYMENT OF DIRECTORS' FEES OF RM471,000 IN RESPECT OF THE FINANCIAL YEAR ENDED 30 JUNE 2017

- Q4. A shareholder commented that the payment of directors' fees had increased modestly compared with last year's payment of directors' fees.

Answered by Tan Sri Dr Ngau Boon Keat, Executive Chairman

The Management was conservative in managing the company and would reward Board, Executive Directors and staff with reasonable salaries. It emphasized that during last Annual General Meeting (2016), the Chairman had stated that senior staff had cut their salaries which included the incentives and bonus of the Chairman. The salaries or benefits were thus adjusted this year according to the performance and market situation. The Company will take into consideration the shareholder's suggestion for better fees for the coming year.