

PALETTE MULTIMEDIA BERHAD (420056-K)
(Incorporated in Malaysia)

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Greens 3, Sport Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 June 2015 at 9.00 a.m. to transact the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors' and Auditors' thereon. (Please see Explanatory Note 1)
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2014. (Resolution 1)
3. To re-elect Eg Kah Yee who retires pursuant to Article 119 of the Company's Articles of Association. (Resolution 2)
4. To re-elect Thong Kooi Pin who retires pursuant to Article 119 of the Company's Articles of Association. (Resolution 3)
(Please see Explanatory Note 2)
5. To appoint Auditors and to authorise the Directors to fix their remuneration. (Resolution 4)

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs Morison Anuarul Azizan Chew who have given their consent to act, for appointment as Auditors, and of the intention to move the following motion to be passed as an Ordinary Resolution:-

"THAT Messrs Morison Anuarul Azizan Chew, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs STYL Associates, and to hold office until conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

6. **ORDINARY RESOLUTION I**
AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965
FOR THE DIRECTORS TO ISSUE SHARES (Resolution 5)
(Please see Explanatory Note 3)

"THAT subject always to the Companies Act 1965, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares

issued pursuant to this Resolution does not exceed 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

7. **ORDINARY RESOLUTION II
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE
DIRECTOR**

(Resolution 6)
(Please see
Explanatory Note 4)

THAT, subject to the passing of Resolution 3, approval be and is hereby given for Thong Kooi Pin who has served as an Independent Non-Executive Director of the Company since 18 December 2006 and will reach the nine years term limit on 17 December 2015, to continue to act as an Independent Non-Executive Director of the Company.”

8. **ORDINARY RESOLUTION III
PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING
NATURE**

(Resolution 7)
(Please see
Explanatory Note 5)

THAT pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“ACE Listing Requirements”), the Company and its subsidiaries (“the Group”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 1.4 of the Circular to Shareholders dated 27 May 2015 (“Related Party”) provided that such transactions and/or arrangements are:-

- (a) necessary for the day-to-day operations;
- (b) are undertaken in the ordinary course of business at arm’s length basis and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (c) are not detrimental to the minority shareholders of the Company,

(collectively known as “Shareholders’ Mandate”);

AND THAT such approval, shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the estimated aggregate value of the transactions conducted

pursuant to the Shareholders' Mandate during a financial year will be disclosed, in accordance with the ACE Listing Requirements, in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

WONG WAI FOONG [MAICSA 7001358]
JOANNE TOH JOO ANN [LS 0008574]
Company Secretaries

Kuala Lumpur
Dated 27 May 2015

NOTES:-

- (i) *A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote in his/her stead. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
- (ii) *A member may appoint up to two (2) proxies to attend on the same occasion.*
- (iii) *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (iv) *Where a member is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
- (v) *A member who appoints more than one proxy shall specify the proportion of his shareholdings to be represented by each proxy.*
- (vi) *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney duly authorized.*
- (vii) *The Form of Proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.*
- (viii) *Only members whose names appear in the Record of Depositors as at 11 June 2015 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on their behalf.*

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Item 1 of Agenda

This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Re-election of Director

The Board has undertaken an annual assessment on the independence of Thong Kooi Pin who is seeking for re-election pursuant to Article 119 of the Articles of Association of the Company at the forthcoming Eighteenth Annual General Meeting. The annual assessment has been disclosed in the Corporate Governance statement of the Company's 2014 Annual Report.

3. ORDINARY RESOLUTION I

Resolution Pursuant To Section 132D of The Companies Act, 1965

The Ordinary Resolution proposed under Resolution 5 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

The Ordinary Resolution proposed under Resolution 5, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

4. ORDINARY RESOLUTION II

Continuing In Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine years.

The Board of Directors has assessed the independence of Thong Kooi Pin and recommended he to continue to act as Independent Non-executive Director of the Company based on the following:-

- a) *He has not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of him to carry out his duties as an Independent Non-Executive Director.*
- b) *He was not offered or granted any options by the Company. Other than Directors' fees and allowances paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to him that would cause biases in his objective and independent judgement during Board deliberation.*

5. ORDINARY RESOLUTION III

Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature

The Ordinary Resolution, proposed under Resolution 7, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not detrimental to the interests of the minority shareholders.