

PALETTE MULTIMEDIA BERHAD (420056-K)

(Incorporated in Malaysia)

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Greens 2, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 17 November 2016 at 9.00 a.m. to transact the following business:-

A G E N D A

ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial period ended 31 May 2016 together with the Reports of the Directors' and Auditors' thereon. (Please see Explanatory Note 1)
- To approve the payment of Directors' Fees for the financial period ended 31 May 2016. (Resolution 1)
- To re-elect Abdul Razak Bin Dato' Haji Ippa who retires pursuant to Article 119 of the Company's Articles of Association. (Resolution 2) (Please see Explanatory Note 2)
- To re-elect Chuan Tsui Ju who retires pursuant to Article 119 of the Company's Articles of Association. (Resolution 3) (Please see Explanatory Note 2)
- To re-appoint Messrs Morison Anuarul Azizhan Chew as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)

SPECIAL BUSINESS

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

- 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 Ace 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."
- ORDINARY RESOLUTION II
CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** (Resolution 6) (Please see Explanatory Note 4)

"THAT, approval be and is hereby given to Thong Kooi Pin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."
- ORDINARY RESOLUTION III
CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** (Resolution 7) (Please see Explanatory Note 5)

THAT, approval be and is hereby given for Abdul Razak Bin Dato' Haji Ippa who has served as an Independent Non-executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."
- ORDINARY RESOLUTION IV
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING NATURE** (Resolution 8) (Please see Explanatory Note 6)

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 30 September 2016 ("Related Party") provided that such transactions and/or arrangements are:-

 - necessary for the day-to-day operations;
 - 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
 - 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:-

 - 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
 - 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
 - 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."
- SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION ("PROPOSED AMENDMENTS")** (Resolution 9) (Please see Explanatory Note 7)

"THAT the amendments to the Articles of Association of the Company as set out in the Appendix 1 ("Proposed Amendments") on pages 91 to 92 of the 2016 Annual Report be and are hereby approved.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any condition, modifications and/or amendments as may be required by the relevant authorities."
- 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: 30 September 2016

Notes:-

- 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.
- A member may appoint up to two (2) proxies to attend on the same occasion.
- Where a member is an authorised 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.
- Where a member is an exempt authorised 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 authorised nominee may appoint in respect of each omnibus account it holds.
- A member who appoints more than one proxy shall specify the proportion of his shareholdings to be represented by each proxy.
- 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 authorised.
- The Form of Proxy must be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
- Only members whose names appear in the Record of Depositors as at 10 November 2016 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

- 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.
- Re-election of Director**

The Board has undertaken an annual assessment of Abdul Razak Bin Dato' Haji Ippa and Chuan Tsui Ju, who are seeking for re-election pursuant to Article 119 of the Articles of Association of the Company at the forthcoming Nineteenth Annual General Meeting. The annual assessment has been disclosed in the Corporate Governance statement of the Company's 2016 Annual Report.
- 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 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.

As at the date of this Notice, the Company had placed out 29,000,000 new Ordinary Shares ("Placement Shares") at weighted average price of RM0.05 per Ordinary Share and had raised a proceed of RM1,450,000. The Placement Shares issued by the Company had all been listed on the Ace Market of Bursa Malaysia Securities Berhad ("Private Placement"). Details of the utilisation of proceeds from the Private Placement are set out in the "Additional Compliance Information" on page 27 of the 2016 Annual Report.
- ORDINARY RESOLUTION II
Continuation In Office as Independent Non-Executive Director**

The Proposed Ordinary Resolution 6 if passed, will enable Mr Thong Kooi Pin to continue in office as Independent Non-executive Director of the Company to fulfil the requirements of Rule 3.08 of Bursa Malaysia Securities Berhad's Ace Market Listing Requirements and in line with the Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012. The details of the Board's justifications and recommendations for the retention of Mr Thong Kooi Pin are set out in the Corporate Governance Statement in the 2016 Annual Report.
- ORDINARY RESOLUTION III
Continuation In Office as Independent Non-Executive Director**

The Proposed Ordinary Resolution 7 if passed, will enable Mr Abdul Razak Bin Dato' Haji Ippa to continue in office as Independent Non-executive Director of the Company to fulfil the requirements of Rule 3.08 of Bursa Malaysia Securities Berhad's Ace Market Listing Requirements and in line with the Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012. The details of the Board's justifications and recommendations for the retention of Encik Abdul Razak Bin Dato' Haji Ippa are set out in the Corporate Governance Statement in the 2016 Annual Report.
- ORDINARY RESOLUTION IV
Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature**

The Ordinary Resolution, proposed under Resolution 8, 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.
- SPECIAL RESOLUTION
Proposed Amendments to Articles of Association**

The Special Resolution proposed under Resolution 9, if passed, will authorise the Directors to amend the Company's Articles of Association. The Proposed Amendments will bring the Articles of Association of the Company in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and to facilitate some administrative matters.