

**NOTICE OF PROVISIONAL ALLOTMENT OF WARRANTS**

The provisional allotment of Warrants (as defined herein) is a prescribed security pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") shall apply in respect of dealings in the provisional allotment of Warrants.



**PALETTE MULTIMEDIA BERHAD**

(Company No. 420056-K)  
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 153,588,250 WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.02 PER WARRANT ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.10 EACH IN PALETTE MULTIMEDIA BERHAD ("PALETTE" OR THE "COMPANY") HELD AT 5.00 P.M. ON 27 FEBRUARY 2013 ("ENTITLEMENT DATE") ("RIGHTS ISSUE OF WARRANTS")**

*Principal Adviser*



**TA SECURITIES HOLDINGS BERHAD (14948-M)**  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**To: Shareholders of Palette**

**Dear Sir/Madam,**

The Board of Directors of Palette ("**Board**") has provisionally allotted to you, in accordance with the approval of Controller of Foreign Exchange (via Bank Negara Malaysia) dated 22 September 2011, the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") dated 4 April 2012 and the Ordinary Resolution passed by the Company at the extraordinary general meeting convened on 15 June 2012, the number of Warrants as indicated below ("**Provisional Allotment**").

We wish to advise that the following Warrants provisionally allotted to you in respect of the Rights Issue of Warrants have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions stated in the abridged prospectus and rights subscription form dated 27 February 2013 issued by the Company in relation to the Rights Issue of Warrants.

The Provisional Allotment is made subject to the provisions in the abridged prospectus dated 27 February 2013 issued by the Company. Bursa Securities has already prescribed the securities of Palette listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the provisional allotment of Warrants arising from the Rights Issue of Warrants are prescribed securities and, as such, all dealings in the Provisional Allotment will be by way of book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository.

**ALL WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEES (IF APPLICABLE). NO PHYSICAL WARRANT CERTIFICATE WILL BE ISSUED.**

It is the intention of the Board to allot the excess Warrants, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis to the entitled shareholders who have applied for the excess Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date on a board lot basis;
- (iii) thirdly, on a pro-rata basis to the entitled shareholders who have applied for excess Warrants, taking into consideration the quantum of their respective excess application;
- (iv) fourthly, for allocation to renounees who have applied for excess Warrants on a pro-rata basis and in board lot, taking into consideration the quantum of their respective excess application; and
- (v) lastly, in the event that there are still unsubscribed Warrants after allocating all the excess Warrants, the remaining unsubscribed Warrants will be subscribed by the substantial shareholder of Palette, namely Eg Kah Yee, pursuant to his irrevocable unconditional undertaking that he will subscribe for the remaining unsubscribed Warrants.

Nevertheless, the Board reserves the right to allot any excess Warrants applied for under Part I(A) of the RSF in such manner as it deems fit and expedient and in the best interest of the Company. The Board also reserves the right to accept any excess Warrants application, in full or in part, without assigning any reason.

**NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER**

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NUMBER OF PALETTE SHARES HELD AT 5.00 P.M. ON 27 FEBRUARY 2013	NUMBER OF WARRANTS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.02 PER WARRANT (RM)

**IMPORTANT RELEVANT DATES AND TIMES:**

Entitlement Date	: Wednesday, 27 February 2013 at 5.00 p.m
<b>Last date and time for:</b>	
Sale of provisional allotment of rights	: Wednesday, 6 March 2013 at 5.00 p.m.
Transfer of provisional allotment of rights	: Monday, 11 March 2013 at 4.00 p.m.
Acceptance and payment	: Thursday, 14 March 2013 at 5.00 p.m.*
Excess application and payment	: Thursday, 14 March 2013 at 5.00 p.m.*

\* or such later date and time as the Board may decide in its absolute discretion and announce not less than two (2) market days before the stipulated date and time

By order of the Board  
**Ng Yen Hoong (LS 008016)**  
**Joanne Toh Joo Ann (LS 0008574)**  
Company Secretaries

Share Registrar  
**Tricor Investor Services Sdn Bhd (118401-V)**  
Level 17, The Gardens North Tower  
Mid Valley City Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 603-2264 3883  
Fax: 603-2282 1886

**THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 27 FEBRUARY 2013**



## NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

**THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All enquiries concerning the procedure for acceptance, payment and excess application for the Rights Issue of Warrants should be addressed to the Share Registrar of the Company, Tricor Investor Services Sdn. Bhd. ("Share Registrar"), at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS DATED 27 FEBRUARY 2013 TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.**

This RSF, together with the Abridged Prospectus and NPA, is not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled shareholders and/or their renounees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue of Warrants would result in the contravention of any laws of such countries or jurisdictions. The Company and TA Securities Holdings Berhad shall not accept any responsibility or liability in the event that any acceptance or renunciation made by entitled shareholders and/or their renounees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the entitled shareholders and/or renounees (if applicable) are residents.

A copy of the Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). A copy of the same, together with the NPA and RSF, have also been lodged with the Registrar of Companies of Malaysia, who takes no responsibility for the contents of these documents.

Approvals for the Rights Issue of Warrants have been obtained from the Controller of Foreign Exchange (via Bank Negara Malaysia) vide its letter dated 22 September 2011 and from the shareholders of Palette through the ordinary resolution passed at the Extraordinary General Meeting held on 15 June 2012. Approval has also been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 4 April 2012 for the admission of Warrants on the official list of Bursa Securities ("Official List") and for the listing of and quotation for the Warrants and the new Palette Shares to be issued upon exercise of Warrants on the ACE Market of Bursa Securities. The official listing of and quotation for the Warrants will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS accounts of entitled shareholders and/or their renounees (if applicable) have been duly credited and notices of allotment have been despatched to the successful applicants.

Neither Bursa Securities nor the SC takes any responsibility for the correctness or accuracy of any statement made or opinion expressed herein. Admission to the Official List and quotation of the said securities on the Bursa Securities are in no way reflective of the merits of the Rights Issue of Warrants.

This RSF, together with the Abridged Prospectus and NPA, have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statement or other fact the omission of which would make any statement in these documents false or misleading.

The provisionally allotted Warrants are prescribed securities pursuant to Section 14(5) of the Security Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depository) Act, 1991, Security Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of the Bursa Depository shall apply in respect of dealings of the provisionally allotted Warrants.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia (or "RM" in abbreviation) and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in this documents, unless they are otherwise defined here or other context otherwise requires.

### INSTRUCTIONS:

#### (i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 14 March 2013, or such extended date and time as our Directors may decide at their absolute discretion. Where the closing date for acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) market days before the original closing date.

#### (ii) FULL ACCEPTANCE OF THE RIGHTS ISSUE OF WARRANTS

If you wish to accept the Warrants provisionally allotted to you, please complete Part I(A) and Part II of this RSF and return this RSF, together with the appropriate remittance made in RM for the full amount in the form of Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a Bank or Post Office in Malaysia and must be made out in favour of "PALETTE RIGHTS ISSUE ACCOUNT" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and CDS account number in block letters, for the full amount payable for the Warrants accepted, to be received by the Share Registrar, before 5.00 p.m. on 14 March 2013 (or such extended date and time as our Directors may decide at their absolute discretion). Cheques or any other mode of payments are not acceptable.

If acceptance and payment for the Warrants provisionally allotted to you is not received by the Share Registrar by 5.00 p.m. on 14 March 2013, being the last time and date for acceptance and payment (or such extended time and date as may be determined and announced by our Directors), such provisional allotment of rights will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such Warrants not taken up, first, to applicants applying for excess Warrants in the manner set out in note (iv) below.

The remittance must be made for the exact amount payable for the Warrants accepted. No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within eight (8) market days from the last date for acceptance and payment for the Warrants.

#### (iii) PART ACCEPTANCE OF THE RIGHTS ISSUE OF WARRANTS

If you wish to accept part of your provisional allotment of the Warrants, please complete Part I(A) of this RSF by specifying the number of Warrants which you are accepting and Part II of this RSF and deliver the completed RSF together with the relevant payment to the Share Registrar by 5.00 p.m. on 14 March 2013, being the last time and date for acceptance and payment (or such extended time and date as may be determined and announced by our Board).

#### (iv) APPLICATION FOR EXCESS RIGHTS ISSUE OF WARRANTS

If you and/or your renounees (if applicable) wish to apply for excess Warrants in addition to those provisionally allotted to you and/or your renounees (if applicable), please complete Part I(B) of this RSF (in addition to Parts I(A) and II) and forwarding it (together with a separate remittance for the full amount payable in respect of the excess Warrants applied for) to the Share Registrar. Payment for the excess Warrants applied for should be made in the same manner described in note (ii) above, with remittance in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "PALETTE EXCESS RIGHTS ISSUE ACCOUNT" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with the name and CDS account number of the applicant in block letters to be received by the Share Registrar not later than 5.00 p.m. on 14 March 2013, being the last time and date for the excess Warrants acceptance and payment (or such extended time and date as may be determined and announced by our Board). No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date for acceptance and payment for the excess Warrants.

In respect of unsuccessful or partially successful excess Warrants applications, the full amount or the surplus application monies (as the case may be) will be refunded without interest within fifteen (15) market days from the last date for application and payment for the excess Warrants by ordinary post to the address shown in the Record of Depositors provided by Bursa Depository at the applicant's own risk. Subject to the discretion of the Board to make changes and/or modifications pursuant to the preceding paragraph, it is the intention of the Board generally to allot the excess Warrants based on the following considerations:

- firstly, to minimise the incidence of odd lots;
- secondly, on a pro-rata basis to our entitled shareholders who have applied for the excess Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date on a board lot basis;
- thirdly, on a pro-rata basis to our entitled shareholders who have applied for excess Warrants, taking into consideration the quantum of their respective excess application;
- fourthly, for allocation to renounees who have applied for excess Warrants on a pro-rata basis and in board lot, taking into consideration the quantum of their respective excess application; and
- lastly, in the event that there are still unsubscribed Warrants after allocating all the excess Warrants, the remaining unsubscribed Warrants will be subscribed by our substantial shareholder, namely Eg Kah Yee, pursuant to his irrevocable unconditional undertaking that he will subscribe for the remaining unsubscribed Warrants.

#### (v) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT OF RIGHTS ISSUE OF WARRANTS

If you wish to sell/transfer all or part of your provisional allotment of the Warrants to your renounees (if applicable), you may do so immediately through your stockbroker without first having to request the Company for a splitting of the provisional allotment of the Warrants standing to the credit of your CDS accounts. To sell/transfer all or part of your provisional allotment of the Warrants, you may sell such provisional allotment of the Warrants on the open market of Bursa Securities or transfer such provisional allotment to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisional allotment of the Warrants, you and/or your renounees (if applicable) need not deliver any document, including this RSF, to the stockbroker. However, you and/or your renounees (if applicable) must ensure that you have sufficient provisional allotment of the Warrants standing to the credit of your CDS account before trading.

The purchasers/renounees/transferees can collect a copy of this RSF for the acceptance of his/her/their rights from his/her/their stockbroker, the Registered Office of the Company, the Share Registrar's office or Bursa Securities' website at <http://www.bursamalaysia.com>.

If you have sold only part of the provisional allotment of the Warrants, you may still accept the balance of your provisional allotment of the Warrants by completing Parts I(A) and II of this RSF.

#### (vi) GENERAL INSTRUCTIONS

- All applicants must sign on the front page of this RSF. All corporate bodies must affix their common seal.
- Warrants subscribed by the shareholders and/or their renounees will be credited into their respective CDS accounts as stated on the NPA or the exact accounts appearing in Bursa Depository's Record of Depositors.
- Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
- The contract arising from the acceptance of the provisional allotment of the Warrants by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract.
- Our Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to.
- Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on the RSF.