
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **PALADIN LIMITED**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or the transferee.

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PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 495 and 642 (Preference Shares))

GENERAL MANDATES TO REPURCHASE AND ISSUE SECURITIES, RE-ELECTION OF RETIRING DIRECTORS, NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF CLASS MEETING

Separate notices convening the Annual General Meeting and the Class Meeting (as defined herein) is set out on page 8 to 14 of this circular. Whether or not holders of Preference Shares (as defined herein) are able to attend the Class Meeting, they are requested to complete the enclosed yellow form of proxy in accordance with the instructions printed thereon and return the same to Paladin's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Class Meeting. Completion and return of the yellow form of proxy will not prevent holders of Preference Shares from attending and voting in person at the Class Meeting or any adjournment of it if they so wish.

Whether or not holders of shares in the Company (as defined herein) other than holders of Preference Shares are able to attend the Annual General Meeting, they are requested to complete the enclosed white form of proxy in accordance with the instructions printed thereon and return the same to Paladin's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting. Completion and return of the white form of proxy will not prevent holders of shares in the Company generally from attending and voting in person at the Annual General Meeting or any adjournment of it if they so wish.

29 October 2010

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LETTER FROM THE BOARD

PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 495 and 642 (Preference Shares))

Directors:

Mr. Law Fong (*Chairman*)

Mr. Chen Te Kuang Mike

Mr. Oung Shih Hua, James[#]

Mr. Zhu Pei Qing^{*}

Ms. Lu Ti Fen^{*}

Mr. Kwok Wai Chi^{*}

[#] *Non-Executive Director*

^{*} *Independent Non-Executive Directors*

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Head office and principal
place of business:*

45th Floor, Office Tower

Convention Plaza

1 Harbour Road

Wan Chai

Hong Kong

29 October 2010

To Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND ISSUE SECURITIES,
RE-ELECTION OF RETIRING DIRECTORS,
NOTICE OF ANNUAL GENERAL MEETING
AND
NOTICE OF CLASS MEETING**

INTRODUCTION

At the annual general meeting of Paladin Limited (the "Company") to be held on 10 December 2010 (the "Annual General Meeting"), resolutions will be proposed (i) to grant to the directors of the Company ("Directors") a general mandate to issue shares of each class of existing securities and (ii) to grant to the Directors a general mandate to repurchase the Ordinary Shares (as hereinafter defined) of the Company; and (iii) to re-elect retiring Directors. At the class meeting of the Company to be held on 10 December 2010 (the "Class Meeting"), resolution will be proposed to grant to the directors of the Company a general mandate to issue shares of each class of existing securities.

This circular contains the explanatory statement in compliance with The Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and to give all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to approve the mandates to the Directors for the issue and allotment of new shares of the Company and the repurchase by the Company of its own shares.

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES

Approval will be sought from shareholders of the Company to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with new shares in the capital of the Company amounting to up to 20% of the aggregate nominal amount of each class of securities of the Company in issue, including for the avoidance of doubt the convertible redeemable preference shares of HK\$0.01 each of the share capital of the Company (the “Preference Shares”), by way of an ordinary resolution to be proposed at the Annual General Meeting and the Class Meeting. The Directors wish to state that they have no immediate plans to issue any new shares pursuant to such general mandate. In the event that it becomes desirable for the Company to issue any new shares, the Directors are given flexibility and discretion to allot and issue new shares amounting to up to 20% of the aggregate nominal amount of each class of existing securities of the Company as at the date of the passing of the relevant resolution and by adding to such mandate the number of ordinary shares of HK\$0.01 each of the Company (the “Ordinary Shares”) repurchased by the Company pursuant to the Repurchase Mandate (as hereinafter defined).

As at 22 October 2010, the total number of issued ordinary shares and Preference Shares were 537,131,492 and 255,275,930 respectively. Subject to the passing and pursuant to the terms of the ordinary resolution regarding the general mandate to issue shares and on the basis that no further ordinary share and Preference Shares are issued or converted prior to the Annual General Meeting, the Company would be allowed under the general mandate to issue a maximum of 107,426,298 new Ordinary Shares and 51,055,186 new Preference Shares.

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to approve the granting of a general mandate to the Directors to exercise the powers of the Company to repurchase the Ordinary Shares representing up to a maximum of 10% of the aggregate nominal amount of the Ordinary Shares of the Company in issue as at the date of the passing of the relevant resolution (the “Repurchase Mandate”).

An explanatory statement as required under the Listing Rules to provide the requisite information for your consideration of the Repurchase Mandate is set out in Appendix I hereto.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Bye-law 99 of the Company’s Bye-laws, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation. Accordingly, Mr. Law Fong and Mr. Kwok Wai Chi will retire by rotation at the Annual General Meeting.

Mr. Law Fong and Mr. Kwok Wai Chi being eligible, had offered themselves for re-election at the Annual General Meeting. Details of such Directors are set out in Appendix II to this circular.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING AND CLASS MEETING

The notices converting the Annual General meeting and the Class Meeting are set out on pages 8 to 14 of this circular.

The forms of proxy for use at the Annual General meeting and the Class Meeting are enclosed. Whether or not you are able to attend the Annual General Meeting and the Classing Meeting, you are requested to complete the forms of proxy in accordance with the instructions printed thereon and return it to share register of the Company in Hong Kong, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 48 Hours before the time appointed for holding the Annual General Meeting and the Classing Meeting. Completion and return of the forms of proxy will not preclude you from attending and voting at the Annual General Meeting and the Classing Meeting if you so wish.

VOTING AT THE ANNUAL GENERAL MEETING AND CLASS MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at a general meeting of the Company must be taken by poll. Therefore the chairman of the meetings will demand a poll on each of the resolutions put to vote at the Annual General Meeting and the Class Meeting. The results of poll will be published on the websites of the Stock Exchange and the Company after the Annual General Meeting and the Class Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in respect thereof misleading.

RECOMMENDATION

The Directors consider that the granting of general mandates to issue shares, the Repurchase Mandate and to re-elect the retiring directors are each in the best interests of the Company and its shareholders, and accordingly, recommend all shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting and the Class Meeting.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board
Law Fong
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the repurchase mandate.

1. SHARE CAPITAL

As at 22 October 2010 (the latest practicable date prior to the printing of this circular, the “Latest Practicable Date”), the issued ordinary shares of the Company was HK\$5,371,314.92 divided into 537,131,492 Ordinary Shares.

Subject to the passing and pursuant to the terms of the ordinary resolution regarding the Repurchase Mandate and on the basis that no further Ordinary Shares are issued or repurchased prior to the Annual General Meeting to be held on 10 December 2010, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 53,713,149 Ordinary Shares.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders as a whole. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Ordinary Share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders as a whole.

3. FUNDING OF REPURCHASE AND MATERIAL ADVERSE IMPACT

In repurchasing Ordinary Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-Laws and the laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the profits that would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in its annual report for the year ended 30 June 2010 in the event that the Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. ORDINARY SHARES PRICES

The highest and lowest prices at which the Ordinary Shares have traded on the Stock Exchange during the current month and each of the previous twelve months before the printing of this document were as follows:

	Ordinary Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2009		
October	0.260	0.182
November	0.236	0.196
December	0.250	0.200
2010		
January	0.233	0.205
February	0.365	0.210
March	0.375	0.240
April	0.345	0.214
May	0.305	0.213
June	0.243	0.222
July	0.310	0.240
August	0.285	0.240
September	0.310	0.238
October (up to the Latest Practicable Date)	0.320	0.238

5. UNDERTAKING AND EFFECT OF REPURCHASE

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates as defined in the Listing Rules, have any present intention to sell any securities of the Company to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell securities of the Company to the Company or its subsidiaries or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

If a shareholder's proportionate interest in the voting rights of the Company increases upon exercise of the powers to repurchase securities of the Company pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory general offer for all Shares in issue at the time in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Five Star Investments Limited, a substantial shareholder of the Company, together with parties acting in concert (the “Concert Parties”) beneficially held 300,250,017 Ordinary Shares, representing approximately 55.90% of the issued Ordinary Shares of the Company. To the best knowledge of the Company, no other person, together with any associates thereof, was beneficially interested in Ordinary Shares representing 10% or more of the entire issued Ordinary Shares of the Company as at the Latest Practicable Date.

In the event that the Directors exercise in full the power to repurchase the Ordinary Shares which is proposed to be granted pursuant to the Repurchase Mandate then (if the present shareholders’ interests in Shares remained the same) the attributable shareholding of Five Star Investments Limited and the Concert Parties in the Company would be increased to approximately 62.11% of the issued Ordinary Shares of the Company. Such increase will not give rise to an obligation on Five Star Investments Limited to make a mandatory offer under Rule 26 of the Takeovers Code. In any event, the Repurchase Mandate will be exercised only if the number of Ordinary Shares held by the public would not fall below 25%.

The Directors are not aware of any consequences which would arise under Takeovers Code as a result of any repurchases pursuant to the general mandate.

6. SECURITIES REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its securities (whether on the Stock Exchange or not) in the six months preceding the date of this document.

APPENDIX II DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

Particulars of Directors standing for election are as follows:

Mr. Law Fong, aged 85, joined the Group in 1994. He has over 25 years of experience in the textile industry and 10 years of experience in property development. He retired from his textile and property development businesses in 1985. Mr. Law has not held any directorship in other public listed company in the past three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Law does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Ms. Law does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Law has not entered into service contract with the Company and has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws of the Company. The director's fee of Mr. Law is determined by the board with reference to the remuneration benchmark in the industry and the prevailing market conditions. For the year ended 30 June 2010, Mr. Law received a director's emolument of HK\$236,000.

Mr. Kwok Wai Chi, aged 33, joined the Group in 2004. He holds a bachelor degree in Business Administration from the Hong Kong University of Science and Technology and is an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is currently a principal of a wealth management and financial planning company. Mr. Kwok has not held any directorship in other public listed company in the past three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Kwok does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Kwok has not entered into service contract with the Company and has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws of the Company. The director's fee of Mr. Kwok is determined by the board with reference to the remuneration benchmark in the industry and the prevailing market conditions. For the year ended 30 June 2010, Mr. Kwok received a director's emolument of HK\$144,000.

Save as disclosed above, there are no other matters concerning all the aforesaid retiring Directors that need to be brought to the attention of the shareholders of the Company nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 495 and 642 (Preference Shares))

NOTICE IS HEREBY given that the Annual General Meeting of the Company, excluding holders of the convertible redeemable preference shares of the Company, will be held at the Antica Room, Hong Kong Gold Coast Hotel, 1 Castle Peak Road, Castle Peak Bay, Tuen Mun, Hong Kong on 10 December 2010 at 11:00 a.m. for the following purposes.

1. to receive and consider the Financial Statements and the Reports of the Directors and Auditors for the year ended 30 June 2010;
2. to re-elect directors;
3. to fix the directors' remuneration;
4. to appoint Deloitte Touche Tohmatsu as auditors for the ensuing year and to authorise the directors to fix their remuneration;
5. to pass the Ordinary Resolution:

“THAT:

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company, including for the avoidance of doubt the convertible redeemable preference shares of HK\$0.01 each of the share capital of the Company, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval given in paragraph (i) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time, (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to

NOTICE OF ANNUAL GENERAL MEETING

acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of each class of existing securities of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and

- (iv) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s Bye-Laws to be held; or
 - (c) the time at which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting; and
- (v) for the purpose of this Resolution, “Rights Issue” means the allotment, issue or grant of shares pursuant to an offer of shares or other securities open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

6. to pass the Ordinary Resolution:

“THAT:

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued ordinary shares in the capital of the Company on the terms and subject to the conditions set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company;
- (iii) the aggregate nominal amount of the ordinary shares purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (i) above shall not exceed the aggregate of 10 percent of the aggregate nominal amount of the ordinary shares of the Company in issue as at the time of passing this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purposes of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s Bye-Laws to be held;
or
- (c) the time at which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.”

7. to pass the Ordinary Resolution:

“**THAT** conditional upon the passing of ordinary resolutions numbered 5 and 6 set out above of which this resolution forms part, the aggregate nominal amount of the ordinary shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company in the said ordinary resolution numbered 6 shall be added to the aggregate nominal amount of the issued ordinary shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the said ordinary resolution numbered 5.”

By Order of the Board
Chan Chi Ho
Company Secretary

Hong Kong, 29 October 2010

Head Office and Principal Place of Business:
45th Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

As at the date of this notice, the executive directors of the Company are Mr. Law Fong and Mr. Chen Te Kuang Mike; the non-executive director is Mr. Oung Shih Hua, James; and the independent non-executive directors of the Company are Mr. Zhu Pei Qing, Ms. Lu Ti Fen and Mr. Kwok Wai Chi.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Company's Hong Kong Share Registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.
3. The Transfer Books and Register of Members of the Company will be closed from 8 December 2010 to 10 December 2010 both days inclusive.
4. Concerning Resolution No. 5 above, approval is being sought from Members as a general mandate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to ensure flexibility and discretion to the directors of the Company in the event that it becomes desirable to issue any shares of the Company up to 20 percent of each class of existing securities.
5. In relation to Resolution No. 6 above, the directors of the Company wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on this Resolution as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be set out in a separate document to be sent to the shareholders with the annual report for the year ended 30 June 2010.

NOTICE OF CLASS MEETING

PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 495 and 642 (Preference Shares))

NOTICE IS HEREBY given that the Class Meeting of the Company, of the holders of the convertible redeemable preference share of the Company, will be held at the Antica Room, Hong Kong Gold Coast Hotel, 1 Castle Peak Road, Castle Peak Bay, Tuen Mun, Hong Kong on 10 December 2010 at 11:15 a.m. or so soon thereafter as the Annual General Meeting of the Company convened for the same date and place shall have concluded or been adjourned, for the following purposes.

1. to pass the Ordinary Resolution:

“THAT:

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company, including for the avoidance of doubt the convertible redeemable preference shares of HK\$0.01 each of the share capital of the Company, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval given in paragraph (i) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time, (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of each class of existing securities of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and

NOTICE OF CLASS MEETING

(iv) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s Bye-Laws to be held; or
 - (c) the time at which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting; and
- (v) for the purpose of this Resolution, “Rights Issue” means the allotment, issue or grant of shares pursuant to an offer of shares or other securities open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

By Order of the Board

Chan Chi Ho

Company Secretary

Hong Kong, 29 October 2010

Head Office and Principal Place of Business:

45th Floor, Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

As at the date of this notice, the executive directors of the Company are Mr. Law Fong and Mr. Chen Te Kuang Mike; the non-executive director is Mr. Oung Shih Hua, James; and the independent non-executive directors of the Company are Mr. Zhu Pei Qing, Ms. Lu Ti Fen and Mr. Kwok Wai Chi.

NOTICE OF CLASS MEETING

Notes:

1. Any Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Company's Hong Kong Share Registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.
3. The Transfer Books and Register of Members of the Company will be closed from 8 December 2010 to 10 December 2010 both days inclusive.
4. Concerning Resolution No. 1 above, approval is being sought from Members as a general mandate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to ensure flexibility and discretion to the directors of the Company in the event that it becomes desirable to issue any shares of the Company up to 20 percent of each class of existing securities.