PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

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

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This announcement is made by Paladin Limited (the "**Company**") pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

RESUMPTION OF TRADING

Trading in the Ordinary Shares (stock code: 495) and the Preference Shares (stock code: 642) of the Company on the Stock Exchange has been suspended since 1:00 p.m. on 2 May 2014 pending the release of this announcement. Application has been made to The Stock Exchange of Hong Kong Limited for the resumption of trading in the Shares with effect from 9:30 a.m. on 3 July 2014.

VOLUNTARY UNCONDITIONAL CASH OFFERS

Voluntary unconditional cash offers have been made by Anglo Chinese Corporate Finance, Limited on behalf of the Offeror to acquire all the issued shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it) at the Offer price of (i) HK$0.25 per Ordinary Offer share; and (ii) HK$0.29 per Preference Offer share. Reference is made to the announcement by the Offeror dated 12 June 2014 under the Takeovers Code.

The Independent Committee has been established to advise Shareholders of the Company in respect of the Offers. An independent financial adviser has also been appointed by the Independent Committee to advise the Independent Committee and the Shareholders in respect of the Offers. Reference is made to the announcement dated 25 June 2014 by the Company in relation to the Offer under the Takeovers Code.

COMPLAINTS FROM SHAREHOLDERS AND DIRECTORS BETWEEN 2 MAY 2014 AND 22 MAY 2014

There had been various complaints from certain Shareholders and Directors during the period from 2 May 2014 to 22 May 2014, the particulars and the background are set out below.

Background

(i) Placing

Reference is made to the Placing Announcement of the Company dated 29 April 2014. The Placing has now lapsed and will not proceed.

(ii) Board Meeting on 19 May 2014

On 19 May 2014, a meeting of the Board ("**May 19 Board Meeting**") was held and Board resolutions were passed relating to, inter alia:

(a) the vacation of Mr. Martin Huang of office as director of the Company, the appointment of new directors and the change of company secretary (reference is made to the Company's announcement in this regard dated 20 May 2014); and

(b) the convening of a special general meeting in response to certain Shareholders' requisition (reference is made to an announcement of the Company on 21 May 2014 relating to the Requisitionists' SGM).

Complaints by certain shareholders and directors

(i) Complaint on 2 May 2014

On 2 May 2014, the legal adviser to Mr. Oung Da Ming and Mr. James Oung filed a complaint letter with the Stock Exchange alleging, inter alia, that (a) the Placing Announcement, the Placing and the Placing Agreement were not validly and effectively authorized by the Company, (b) the Company's application for listing of the Placing Shares had not been approved by the Board, and (c) some of the placees under the Placing were not Independent Third Parties.

The Board hereby clarifies that the Placing Announcement, the Placing and the Placing Agreement were approved by the Board at a meeting of the Board on 28 April 2014 ("**April 28 Board Meeting**"). The Company has been advised by its Bermuda legal counsel that the April 28 Board Meeting was validly convened and the resolutions therein were validly passed.

The Board would like to draw the attention of the Shareholders to the Injunction Order obtained by certain Shareholders and Directors, including Mr. James Oung, from the Bermuda Court in relation to, inter alia, the Placing, which was subsequently discharged by the Bermuda Court. Please refer to the section headed "Court Proceedings in Bermuda" below for details.

The Placing, however, has now lapsed and will not proceed as the Company did not obtain the approval from the Listing Committee of the Stock Exchange to grant the listing of, and permission to deal in, the Placing Shares by 30 May 2014, which date was not extended by the Company and the Placing Agent to another date. Reference is made to the Company's announcement dated 19 June 2014 in relation to the lapse of the Placing Agreement.

(ii) Complaints on or around 15 May 2014

On or around 15 May 2014, Mr. James Oung filed two complaints with the Stock Exchange alleging, inter alia, that (a) Mr. James Oung had the support from certain other Directors (the "**Alleged Supporters**") and that no single director or group of directors could speak with the undisputed authority of the Company, and (b) Mr. James Oung suspected that some of the placees under the Placing were effectively a single placee and/or entered into agreement or understanding falling under the definition of Section 317 of the SFO.

The Board hereby clarifies and confirms that at the May 19 Board Meeting, the Board passed resolutions, inter alia, to ratify any actions having been carried out by any one of Mr. Law Fong (the Chairman) and Mr. Mike Chen (the Company's chief executive officer) on behalf of the Company between the April 28 Board Meeting and the May 19 Board Meeting, and to authorise any one of Mr. Law Fong and Mr. Mike Chen to answer enquiries of the Stock Exchange and/or the SFC from time to time for and on behalf of the Company and to apply for resumption of trading of shares and to publish a resumption announcement.

In respect of the Placing, in the May 19 Board Meeting, Mr. James Oung sought to declare null and void and/or terminate the Placing Agreement. However, Mr. James Oung and his Alleged Supporters failed to obtain a majority vote in this regard.

The Board further confirms that the Company has been advised by its Bermuda legal counsel that the May 19 Board Meeting was validly convened and the resolutions therein were validly passed.

The Board would like to draw the attention of the Shareholders to the Injunction Order obtained by certain Shareholders and Directors, including Mr. James Oung, from the Bermuda Court in relation to the Placing and the May 19 Board Meeting which was subsequently discharged by the Bermuda Court. Please refer to the section headed "Court Proceedings in Bermuda" below for details.

(iii) Complaints on 19 and 20 May 2014

On 19 and 20 May 2014, the legal advisers to Mr. Oung Da Ming and Mr. James Oung filed complaints with the Stock Exchange alleging, inter alia, that (a) one half of the Board was of the view that the resolutions passed in the May 19 Board Meeting were invalid, and (b) that legal proceedings will be commenced in relation to the Placing Announcement.

The Board hereby clarifies that the Company has been advised by its Bermuda legal counsel that both the April 28 Board Meeting and the May 19 Board Meeting were validly convened and the resolutions therein were validly passed. The Board reiterates that in the May 19 Board Meeting, Mr. James Oung and his Alleged Supporters failed to obtain a majority vote in the matters discussed at such meeting.

The Board would like to draw the attention of the Shareholders to the Injunction Order obtained by certain Shareholders and Directors, including Mr. James Oung, from the Bermuda Court in relation to, inter alia, the May 19 Board Meeting, was subsequently discharged by the Bermuda Court. Please refer to the section headed "Court Proceedings in Bermuda" below for details.

(iv) Complaints on 22 May 2014

On 22 May 2014, the legal advisers to Mr. Oung Da Ming and Mr. James Oung filed complaints with the Stock Exchange alleging, inter alia, that (a) the Bermuda Court had extended an injunction against the Company indefinitely, (b) all documents published on the HKExnews website in the name of the Company after 19 May 2014 (the "**Company's Publications**"), including a circular dated 21 May 2014 (the "**SGM Circular**"), were not authorized by the Board, (c) none of Mr. James Oung, Mr. Kwok Wai Chi and Mr. Martin Huang agreed to accept any responsibility in respect of the Company's Publications, (d) the Company's Publications contained false, misleading or deceptive statements, and some of the Company's Publications omitted material facts, (e) the SGM Circular, the SGM and the Company's announcement dated 20 May 2014 were not authorized by the Board and were in breach of the Injunction Order.

As set out below, the Injunction Order was discharged on 29 May 2014. Please refer to the section headed "Court Proceedings in Bermuda" below for details.

Further, prior to the issue of the Company's Publications, the drafts thereof had been provided to each Director for their review. Approval to issue such Company's Publications had been obtained by a majority of the Board members. The Board therefore disagrees with the allegations stated in the complaints made on 22 May 2014.

COURT PROCEEDINGS IN BERMUDA

Injunction Order Granted and Discharged

As a result of the Placing Agreement entered into by the Company and the Placing Agent, and resolutions passed at the May 19 Board Meeting, legal proceedings were instituted in the Bermuda Court:

(i) Grant of Injunction Order

On 21 May 2014, Five Star, Gold Seal, Mr. James Oung, Mr. Martin Huang and Mr. Kwok Wai Chi (collectively, the "**Plaintiffs**") applied to the Bermuda Court for an ex-parte injunction order (the "**Injunction Order**") against the Company, Mr. Mike Chen (an executive director and the chief executive officer of the Company) and Mr. Law Fong (an executive director and the Chairman of the Company) (collectively, the "**Defendants**"), restraining the Defendants until judgment in the action or sooner order of the Bermuda Court from, inter alia, (a) taking any steps to implement the Placing Agreement entered into by the Company and the Placing Agent in relation to the Placing, and (b) taking any steps pursuant to or under the authority of any and all resolutions of the Board passed at the May 19 Board Meeting. The Injunction Order was granted by the Bermuda Court on that day.

(ii) Discharge of Injunction Order

On 27 May 2014, the Defendants applied to the Bermuda Court for the discharge of the Injunction Order (the "**Discharge Application**").

The Discharge Application was heard by the Bermuda Court on 29 May 2014. After the hearing, the Bermuda Court concluded that (a) the Plaintiffs had failed to make out a serious issue to be tried, and (b) there had been material non-disclosure by the Plaintiffs when the Plaintiffs applied for the Injunction Order in the first place. Accordingly, the Bermuda Court ordered that (a) the Injunction Order be discharged immediately, and (b) the Plaintiffs pay costs to the Defendants (to be taxed if not agreed) in respect of the application to discharge the Injunction Order.

REQUISITIONISTS' SGM

Reference is made to the announcement of the Company dated 8 June 2014 (the "**June 8 Announcement**") stating that based on the Bermuda legal advice received by the Company, the Requisition Shareholders did not have, both on the date of the June 8 Announcement and at the time the Requisitionists' SGM Notice was issued, the power or authority to convene a special general meeting of the ordinary shareholders of the Company and the Requisitionists' SGM Notice was invalid and ineffectual.

In response to the June 8 Announcement, an open letter ("**Letter**") to the Shareholders was published by Mr. James Oung on 10 June 2014 claiming that the Requisition Shareholders had the power or authority to convene a special general meeting and that the Requisitionists' SGM Notice was valid and effectual and that the Requisitionists' SGM would be a valid special general meeting of the ordinary shareholders of the Company.

The Board considers the allegation made in the Letter to be grossly misleading. The Board hereby clarifies that on 5 May 2014, the Company received a requisition from Gold Seal dated 2 May 2014 to hold a special general meeting. The Company subsequently held the May 19 Board Meeting between around 9:00 am and 2:00 pm on 19 May 2014 during which the Board discussed the requisition of such special general meeting and duly passed the resolution to convene the SGM on 1 August 2014.

Reference is made to announcements and circulars by the Company dated 21 May 2014 (the "**Announcements and Circulars**") informing all Shareholders that the date of the SGM had been fixed on 1 August 2014. Circulars, notice of SGM and proxy form were dispatched to the Shareholders on 22 May 2014.

According to the Bye-laws of the Company, the Board must respond to a requisition from any Shareholder for a SGM within 21 days of receiving the requisition. When the Board issued a notice of the SGM on 21 May 2014, the Board fully complied with the Bye-laws with the result that the default right set out in Section 74(3) of the Bermuda Companies Act 1981 enabling the Requisitioning Shareholders to convene a special meeting of ordinary shareholders did not arise. To further ensure that the Company had complied with the Bye-laws and the Bermuda Companies Act 1981, the Company sought the legal opinion from the Bermuda legal counsel, whose opinion was that the Requisitioning Shareholders had no power or authority to convene a meeting of the Shareholders of the Company.

As disclosed in the announcement of the Company dated 19 June 2014, the purported Requisitionists' SGM did not proceed on 16 June 2014.

Accordingly, the SGM will be held on 1 August 2014 for the holders of Ordinary Shares, as announced by the Company on 21 May 2014.

LEGALITY AND AUTHORITY FOR MR LAW FONG AND MR MIKE CHEN TO ISSUE THIS ANNOUNCEMENT

In the May 19 Board Meeting, it was approved by a majority vote of the Board that any one of Mr. Law Fong, being the Chairman, or Mr. Mike Chen, the chief executive officer of the Company, was authorised to apply for the resumption of trading of shares of the Company and to publish this announcement. Bermuda legal advice has been sought in relation to the validity of the May 19 Board Meeting and the resolutions passed thereat. Bermuda legal counsel have advised that the May 19 Board Meeting was validly held and the resolutions passed at it were validly passed.

The Board also reiterates that the Injunction Order relating to the May 19 Board Meeting was discharged on 29 May 2014 by the Bermuda Court.

Further, prior to the issue of this announcement, the draft thereof had been provided to each Director for their review and had been approved by a majority of the members of the Board. The Company therefore is of the view that it is legal and valid for Mr. Law Fong and/or Mr. Mike Chen to issue this announcement and that both of them have full authority to do so on behalf of the Company.

DISPUTED BOARD COMPOSITION AND OBJECTIONS TO THE MAKING OF THIS ANNOUNCEMENT

Shareholders are advised that it is disputed by Mr. James Oung, Mr. Kwok Wai Chi and Mr. Martin Huang that Ms. Lam Chi Wai Tammy, Ms. Song Fang Zhou, Mr. Wong Chong Wei Runun and Ms. Ng Hei Pak are directors of the Company,

Mr. James Oung, Mr. Kwok Wai Chi and Mr. Martin Huang maintain that Mr. Martin Huang is an independent non-executive Director. That is disputed by Mr. Law Fong, Mr. Mike Chen and Mr. Zhu Pei Qing.

Mr. James Oung (a non-executive director of the Company) and Mr. Kwok Wai Chi (an independent non-executive director of the Company) have stated that they object to the publication of this announcement. Mr. James Oung has further stated that in his view this "announcement is materially misleading" and that "a resumption of trading is not in the interests of the market or of shareholders, it is wholly inappropriate for a company such as Paladin where the market does not even know who its directors are or who can speak for the Company".

GENERAL

The Company confirms that there is no other inside information as defined under Part XIVA of the SFO in relation to the Company save for the matters disclosed herein.

APPOINTMENT OF ALTERNATE DIRECTOR

The Board wishes to announce that with effect on and from 19 May 2014, Mr. Mike Chen was appointed as an alternate Director to Mr. Zhu Pei Qing.

Biographies relating to Mr. Mike Chen are set out below:

Mr. Chen Te Kuang Mike, aged 36, joined the Group in 2004. Mr. Chen is an executive Director of the Company and the chief executive officer of the Group. He has many years' management and production experience in electronics industry.

Mr. Mike Chen is the grandson of Ms. Oung Chin Liang Fung and the son of Ms. Oung Lilian. Ms. Oung Chin Liang Fung and Ms. Oung Lilian are the beneficial owners of Five Star, which holds 374,941,023 Ordinary Shares and 133,907,508 Preference Shares of the Company. In addition, Mr. Mike Chen is a cousin of Mr. James Oung.

As at the date of this announcement, Mr. Mike Chen was personally interested in 7,000,000 Ordinary Shares and 3,200,000 Preference Shares of the Company (representing 0.93% and 1.25% of the Ordinary Shares and Preference Shares of the Company, respectively) and through his interest in Goldenfield Equities Limited, Mr. Mike Chen has interest in 29,449,000 Ordinary Shares and 9,099,014 Preference Shares of the Company (representing 3.92% and 3.56% of the Ordinary Shares and Preference Shares of the Company, respectively) within the meaning of Part XV of the SFO.

Mr. Mike Chen has not entered into a service contract with the Company and has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bylaws of the Company. For the year ended 30 June 2013, Mr. Mike Chen received a director's fee of HK$645,000.

Mr. Mike Chen will not receive any additional director's emolument from the Company as a result of his additional role as Mr. Zhu's alternate director.

Mr. Mike Chen will serve as the alternate director to Mr. Zhu Pei Qing of the Company. As required by Bylaw 91(A) of the Company, Mr. Mike Chen's appointment as Mr. Zhu's alternate director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointer (i.e. Mr. Zhu) ceases to be a Director.

Save as disclosed above, Mr. Mike Chen does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company, nor is he interested in shares of the Company within the meaning of Part XV of the SFO.

Save for the information disclosed above, there is no other information relating to Mr. Mike Chen that is required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention to the shareholders of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"Bermuda Court"	the Supreme Court of Bermuda
"Board"	board of directors of the Company
"Bylaws"	the by-laws of the Company
"Company"	Paladin Limited (stock code: 495 and 642 (Preference Shares)), a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange
"Director(s)"	director(s) of the Company
"Five Star"	Five Star Investment Limited, a limited company incorporated in the British Virgin Islands and a substantial shareholder of the Company
"Gold Seal"	Gold Seal Holdings Limited, a limited company incorporated in British Virgin Islands with limited liability and a substantial shareholder of the Company
"Group"	the Company and its subsidiaries

"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"Independent Committee"	the independent board committee established to advise the Shareholders in respect of the Offers
"Independent Third Parties"	a party which, to the best of the knowledge, information and belief of the Board having made all reasonable enquiries, is independent of and not connected with the Company and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. James Oung"	Mr. Oung Shih Hua James
"Mr. Martin Huang"	Mr. Huang Weizong Martin, an ex-Director of the Company
"Mr. Mike Chen"	Mr. Chen Te Kuang Mike
"Mr. Oung Da Ming"	a controller of Gold Seal
"Offers"	the voluntary unconditional cash offers to be made by Anglo Chinese, on behalf of the Offeror, to acquire all the issued Ordinary Shares and Preference Shares not already owned and agreed to be acquired by the Offeror and/or parties acting in concert with it in accordance with the Takeovers Code
"Offeror"	Gold Seal
"Ordinary Offer Share(s)"	the 276,484,779 Ordinary Shares that are subject to the Offers
"Ordinary Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of the Company
"Placing"	the placing, on a best effort basis, of an aggregate of up to 150,400,000 Ordinary Shares and 51,050,000 Preference Shares by the Placing Agent pursuant to the terms of the Placing Agreement
"Placing Agent"	Pinestone Securities Limited, a licensed corporation to carry out type 1 regulated activity (dealing in securities) under the SFO
"Placing Agreement"	the conditional placing agreement dated 29 April 2014 entered into between the Company and the Placing Agent in relation to the Placing

"Placing Announcement"	the Company's announcement dated 29 April 2014 relating to the Placing
"Placing Shares"	150,400,000 Ordinary Shares and 51,050,000 Preference Shares to be placed under the Placing
"Preference Offer Share(s)"	the 68,843,529 Preference Shares that are subject to the Offers
"Preference Share(s)"	convertible redeemable preference share(s) with a nominal value of HK$0.01 each in the share capital of the Company
"Requisitioning Shareholders"	Gold Seal and Mr. Oung Da Ming
"Requisitionists' SGM"	the special general meeting of the ordinary shareholders of the Company proposed to be held on 16 June 2014 convened by the Requisitioning Shareholders
"Requisitionists' SGM Notice"	a notice dated 2 May 2014 prepared and issued by the Requisitioning Shareholders convening the Requisitionists' SGM
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Special General Meeting"	a special general meeting of the Company to be convened and held on 1 August 2014 for the holders of Ordinary Shares, as announced by the Company on 21 May 2014
"Share(s)"	the Ordinary Share(s) and the Preference Share(s)
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules

For and on behalf of
Paladin Limited

Law Fong
Chairman &
Executive Director

Chen Te Kuang Mike
Chief Executive Officer &
Executive Director

Hong Kong, 2 July 2014

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Law Fong (Chairman) and Mr. Chen Te Kuang Mike (Chief Executive Officer); two non-executive Directors, namely Mr. Oung Shih Hua, James and Ms. Lam Chi Wai Tammy; and five independent non-executive Directors, namely Mr. Zhu Pei Qing (Mr. Chen Te Kuang Mike is an alternate Director to Mr. Zhu Pei Qing), Mr. Kwok Wai Chi, Ms. Song Fang Zhou, Mr. Wong Chong Wei Runrun and Ms. Ng Hei Pak.