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PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

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

**DESPATCH OF RESPONSE DOCUMENT
RELATING TO VOLUNTARY UNCONDITIONAL CASH OFFERS BY
ANGLO CHINESE CORPORATE FINANCE, LIMITED
ON BEHALF OF
GOLD SEAL HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
IN THE ISSUED SHARE CAPITAL OF
PALADIN LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY
GOLD SEAL HOLDINGS LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

**THE BOARD RECOMMENDS
REJECTING
THE OFFERS
FROM GOLD SEAL HOLDINGS LIMITED**

Financial adviser to the Company



大有融資有限公司
MESSIS CAPITAL LIMITED

Independent financial adviser to the Independent Committee



The Board (other than Mr. Oung Shih Hua, James and Mr. Kwok Wai Chi) announces that the Response Document setting out, among other things, the letter from the Board, information of the Group, the letter from the Independent Committee containing its recommendation to the Independent Shareholders in respect of the Offers and the letter from Investec Capital Asia Limited, the independent financial adviser, containing its advice to the Independent Committee in relation to the Offers was despatched to the Shareholders on 17 July 2014 in accordance with the Takeovers Code.

The Independent Shareholders are strongly advised to read carefully the advice, opinion, financial information of the Group and other information contained in the Response Document, including the recommendation from the Independent Committee and the advice from Investec Capital Asia Limited, the independent financial adviser, before deciding whether to accept or reject the Offer.

THE DIRECTORS (OTHER THAN MR. OUNG SHIH HUA, JAMES AND MR. KWOK WAI CHI) ARE UNANIMOUSLY AND FIRMLY OF THE VIEW THAT THE OFFERS ARE AGAINST THE BEST INTERESTS OF THE INDEPENDENT SHAREHOLDERS AND RECOMMEND, IN THE STRONGEST POSSIBLE TERMS, THAT THE INDEPENDENT SHAREHOLDERS REJECT THE OFFERS.

References are made to (i) the announcement dated 12 June 2014 issued by the Offeror regarding, among other things, the Offers; (ii) the announcement dated 25 June 2014 issued by the Company regarding, among other things, the formation of Independent Committee and appointment of independent financial adviser; (iii) the announcement dated 2 July 2014 issued by the Company regarding, among other things, certain complaints and disputes from some Shareholders and Directors; (iv) the Offer Document issued by the Offeror dated 3 July 2014; (v) the announcement dated 11 July 2014 regarding the appointment of financial adviser in relation to the Offers; (vi) the announcement dated 11 July 2014 regarding the reconstitution of Independent Committee and reconfirmation of appointment of independent financial adviser; and (vii) the response document dated 17 July 2014 issued by the Company (the “Response Document”). Unless the context otherwise requires, capitalised terms used in this announcement have the same meanings as those defined in the Response Document.

DESPATCH OF THE RESPONSE DOCUMENT

The Response Document setting out, among other things, the letter from the Board, information of the Group, the letter from the Independent Committee containing its recommendation to the Independent Shareholders in respect of the Offers and the letter from Investec Capital Asia Limited, the independent financial adviser, containing its advice to the Independent Committee in relation to the Offers was despatched to the Shareholders on 17 July 2014 in accordance with the Takeovers Code.

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The Offers **should be REJECTED** because:

1. The Board (excluding Mr. Oung Shih Hua, James and Mr. Kwok Wai Chi) is of the view that a motivation of the Offeror in making the Offers is to restrict the actions of the Company during the Offer Period;
2. The Offer Prices are unfair and unattractive and wholly undervalue the Company;
3. The Offers are unsolicited and do not have the support of the Board (excluding Mr. Oung Shih Hua, James and Mr. Kwok Wai Chi); and
4. The Offeror has formulated no clear growth strategy and has not provided Shareholders with any concrete plans for the Company in the future.

For and on behalf of
Paladin Limited

Law Fong
Chairman &
Executive Director

Chen Te Kuang Mike
Chief Executive Officer
& Executive Director

Hong Kong, 17 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.

The Directors (other than Mr. Oung Shih Hua, James and Mr. Kwok Wai Chi) jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Each of Mr. Oung Shih Hua, James and Mr. Kwok Wai Chi disputes the composition of the current Board of the Company and refuses to accept responsibility for documents issued by the Company in relation to the Offers, including this announcement. On this basis, applications have been made to, and consent has been obtained from, the Securities and Futures Commission pursuant to Rule 9.4 of the Takeovers Code to exclude Mr. Oung Shih Hua, James and Mr. Kwok Wai Chi from taking joint and several responsibility for any document, including this announcement, issued by the Company in relation to the Offers.