PALADIN LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 495 and 642 (Preference Shares))

ANNOUNCEMENT – INSIDE INFORMATION

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER AND ARRANGEMENTS WITHIN NOTE 8 TO RULE 22 OF THE HONG KONG CODE ON TAKEOVERS AND MERGERS

Paladin Limited announces details of an exchangeable note and a charge over the ordinary shares in Paladin Limited owned by Cityguard Holdings Limited, in compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and Note 8 to Rule 22 of the Hong Kong Code on Takeovers and Mergers.

This announcement is made by Paladin Limited pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited, the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance, as well as Note 8 to Rule 22 of the Hong Kong Codes on Takeovers and Mergers.

Paladin Limited is currently in an offer period relating to voluntary unconditional cash offers by Anglo Chinese Corporate Finance, Limited on behalf of Gold Seal Holdings Limited to acquire all the shares in Paladin Limited other than those already owned or agreed to be acquired by Gold Seal Holdings Limited and, or parties acting in concert with it. Gold Seal Holdings Limited is owned as to 66.7% by Mr. Oung Da Ming and as to 33.3% by his sister, Ms. Margaret Uon.

Paladin Limited has been informed by its shareholder, Cityguard Holdings Limited ("**Cityguard**") that on 26 September, 2014, Cityguard issued to Next Level Corporate Limited ("**Next Level**") a secured exchangeable convertible note (the "**Note**") for the principal amount of HK$127,212,132.75 providing, amongst other things, a right to convert or exchange all but not part of its principal amount either:

(a) into new shares in Cityguard; or

(b) for the 508,848,531 ordinary shares in Paladin Limited (the "**Ordinary Shares**") (representing some 54.37% of the issued Ordinary Shares) owned by Cityguard; and

secured by an "all-monies" charge (the "**Charge**") over the Ordinary Shares held by Cityguard. The Charge does not fall within Rule 13.17 of the Listing Rules.

The shareholders of Next Level are Mr. Oung Da Ming, his brother, Mr. Oung Da Ming, James, Ms. Margaret Uon, and Anglo Chinese Nominees, Limited which holds its shares in Next Level as bare trustee for Basurto Holdings Limited. The shares in Basurto Holdings Limited are held by Mr. Oung Da Ming on trust for the estate of his deceased mother, Ms. Oung Chin Liang Fung (as to 67%) and his sister, Ms. Lilian Oung (as to 33%). Basurto Holdings Limited is the controlling shareholder of Five Star Investments Limited and Five Star Investments Limited, through its wholly-owned subsidiary, Cityguard, is the controlling shareholder of Paladin Limited. Basurto Holdings Limited, Five Star Investments Limited, Cityguard and Next Level are parties acting in concert with Gold Seal Holdings Limited.

By order of the Board
Paladin Limited
Oung Shih Hua, James
Chairman

Hong Kong, 26 September, 2014

The directors of the Company 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.

As at the date of this announcement, the Chairman and executive director of the Company is Dr. Oung Shih Hua, James; the two non-executive directors of the Company are Mr. Yuen Chi Wah and Mr. Chan Chi Ho and the independent non-executive directors of the Company are Mr. Zhu Pei Qing, Mr. Kwok Wai Chi and Professor Huang Weizong Martin.