
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 to be taken, you should consult your licenced securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **PALADIN LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licenced securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

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

**(I) VERY SUBSTANTIAL DISPOSAL CONCERNING
PROPERTY-HOLDING COMPANIES;
(II) VERY SUBSTANTIAL ACQUISITION CONCERNING
COMPANIES WITH RIGHTS TO ACQUIRE PROPERTIES;
(III) PROPOSED RE-ELECTION OF A DIRECTOR;
AND
(IV) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting is set out on pages 199 to 200 of this circular. Whether or not Ordinary Shareholders (as defined herein) are able to attend the special general meeting in person, they are requested to complete the enclosed 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 special general meeting. Completion and return of the form of proxy will not prevent Ordinary Shareholders generally from attending and voting in person at the special general meeting or any adjournment of it if they so wish. Preference Shareholders (as defined herein) are not entitled to attend or vote at the special general meeting.

25 August 2015

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DEFINITIONS

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

“Acquisition”	the acquisition of the Acquisition Sale Interests by the Company from Focus Master pursuant to the AXA SPA;
“Acquisition Closing”	closing of the AXA SPA in accordance with the terms and conditions thereof;
“Acquisition Sale Interests”	the Acquisition Sale Shares and the Acquisition Sale Loans;
“Acquisition Sale Loans”	the shareholders’ loans due from the Acquisition Target Companies;
“Acquisition Sale Shares”	the entire issued share capital of each of the Acquisition Target Companies;
“Acquisition Target Companies”	means Acquisition Target Company 1 and Acquisition Target Company 2;
“Acquisition Target Company 1”	Acme Elite Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Focus Master;
“Acquisition Target Company 2”	Afar Success Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Focus Master;
“Actual Net Debt”	<p>the actual net debt of the Disposal Target Companies and Disposal Target Company Subsidiaries as of the Disposal Closing Date as agreed between the Company and Equal Force, calculated by deducting the aggregate of the items (if any) set out in (ii) below, from the aggregate of the items (if any) set out in (i) below:</p> <ul style="list-style-type: none">(i) accrued expenses, short term loan, interest payable, tax payable, litigation provision for the payment of fees in relation to certain litigation that has been settled, provision for contingent liabilities;(ii) fixed assets as agreed to be taken up by Equal Force, cash in bank, account receivables;

DEFINITIONS

“Anglo Chinese”	(1) The Anglo Chinese Investment Company, Limited; (2) Anglo Chinese Project Finance, Limited; and (3) Anglo Chinese Corporate Finance, Limited;
“Announcements”	the announcements dated 2 July 2015 and 17 July 2015 issued by the Company in relation to the Disposal and the Acquisition respectively;
“AXA Properties”	means Property 1, Property 2, Car Park Space 1 and Car Park Space 2;
“AXA Provisional Agreement”	the provisional sale and purchase agreement dated 10 July 2015 entered into between the Company, Focus Master and CSI in respect of the Acquisition Sale Interests;
“AXA SPA”	the formal agreement for sale and purchase dated 30 July 2015 entered into between the Company, Focus Master and CSI in respect of the Acquisition Sale Interests, which replaces the AXA Provisional Agreement;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday, or public holiday) when banks in Hong Kong are open for business;
“Bye-laws”	the bye-laws of the Company;
“Car Park Space 1”	car parking space nos. 414, 415 and 416 on the 4th Floor of AXA Centre, 151 Gloucester Road, Hong Kong;
“Car Park Space 2”	car parking space nos. 417, 418, 419 and 420 on the 4th Floor of AXA Centre, 151 Gloucester Road, Hong Kong;
“Closing Bank Loans”	the amount of the principal and interest due and owing by the Disposal Target Companies and/or the Disposal Target Company Subsidiaries to the banks as at the Disposal Closing Date, being the amounts required to be paid to the banks to redeem the security documents and obtain an absolute release and discharge thereof before or upon the Disposal Closing;

DEFINITIONS

“Company” or “Paladin”	Paladin Limited, a company incorporated in Bermuda with limited liability, the Ordinary Shares and Preference Shares of which are listed on the Main Board of the Stock Exchange;
“CPS SPA 1”	the provisional sale and purchase agreement in relation to the Car Park Space 1 for HK\$7,000,000 dated 9 July 2015 between the Property Vendor (as vendor) and Acquisition Target Company 1 (as purchaser);
“CPS SPA 2”	the provisional sale and purchase agreement in relation to the Car Park Space 2 for HK\$9,330,000 dated 9 July 2015 between the Property Vendor (as vendor) and Acquisition Target Company 2 (as purchaser);
“CSI”	CSI Properties Limited, a company whose shares are listed on the Main Board of the Stock Exchange with stock code 497;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Disposal Sale Shares and the Disposal Sale Loan to Equal Force by the Company pursuant to the terms of the Peak Road SPA;
“Disposal Closing”	the consummation of the sale and purchase of the Disposal Sale Shares and assignment of the Disposal Sale Loan pursuant to the Peak Road SPA;
“Disposal Closing Date”	the date of the Disposal Closing;
“Disposal Target Company” or “Disposal Target Companies”	each or all of Paladin Leisure Limited, Gainbest Venture Limited, Perfect Place Limited, Bowen Hill Limited and Oasis Trade Global Limited;
“Disposal Target Company Subsidiary” or “Disposal Target Company Subsidiaries”	each or all of Petersham Limited, Holyrood Limited, Alpard Limited, Venus Fortune Limited, Wayguard Limited and World Modern International Limited;
“Disposal Target Group” or “Disposal Entities”	the Disposal Target Companies and the Disposal Target Company Subsidiaries;
“Disposal Sale Loan”	the loans owing by each of the Disposal Target Companies to the Company as at the Disposal Closing;

DEFINITIONS

“Disposal Sale Shares”	the 1 share of US\$1.00 each in each of the Disposal Target Companies representing the entire issued share capital of each of the Disposal Target Companies, and the 999,000 voting ordinary shares held by the Company in Holyrood Limited, all of which are fully paid;
“Encumbrances”	interest of any person (including any right to acquire, option or right of pre-emption or right of first refusal) or any mortgage, charge, pledge, lien, assignment, hypothecation, security, interest, title, retention, leasing, sale and purchase or sale and leaseback arrangement, guarantee, option, restriction, third-party right or interest, or security interest of any kind, or any other agreement or arrangement having similar effect and any agreement or obligation to create or grant any of the aforesaid;
“Enlarged Group”	the Group immediately after completion of the Disposal and the Acquisition;
“Equal Force”	Equal Force Limited, a company incorporated in the British Virgin Islands;
“Estimated Net Debt”	<p>the estimated net debt of the Disposal Target Companies and the Disposal Target Company Subsidiaries setting out the Company’s reasonable estimate of the net debt of the Disposal Target Companies and the Disposal Target Company Subsidiaries as of the Disposal Closing Date, the amount to be fixed not less than five business days before the Disposal Closing, calculated by deducting the aggregate of the items (if any) set out in (ii) below, from the aggregate of the items (if any) set out in (i) below:</p> <ul style="list-style-type: none">(i) accrued expenses, short-term loan, interest payable, tax payable, litigation provision for the payment of fees in relation to certain litigation that has been settled, provision for contingent liabilities;(ii) fixed assets as agreed to be taken up by Equal Force, cash in bank, account receivables;
“Focus Master”	Focus Master Limited, a company incorporated in the British Virgin Islands which is an indirect wholly-owned subsidiary of CSI;

DEFINITIONS

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	a third party independent of the Company and its associates and connected persons (as those terms are defined in the Listing Rules);
“Latest Practicable Date”	20 August 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Ordinary Shareholder(s)”	holder(s) of Ordinary Share(s);
“Ordinary Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the issued share capital of the Company;
“Peak Road Property”	certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878 as set out in the Peak Road SPA;
“Peak Road SPA”	the sale and purchase agreement dated 17 June 2015 entered into between Equal Force and the Company in respect of the Disposal;
“PRC”	the People’s Republic of China;
“Preference Shareholder(s)”	holder(s) of Preference Share(s);
“Preference Share(s)”	the convertible redeemable preference share(s) of HK\$0.01 each in the issued share capital of the Company;
“Properties SPA”	means Property SPA 1, Property SPA 2, CPS SPA 1 and CPS SPA 2;
“Property 1”	20th Floor of AXA Centre, 151 Gloucester Road, Hong Kong;

DEFINITIONS

“Property 2”	21st Floor of AXA Centre, 151 Gloucester Road, Hong Kong;
“Property SPA 1”	the provisional sale and purchase agreement in relation to the Property 1 for HK\$237,000,000 dated 22 February 2013 between the Property Vendor (as vendor) and Acquisition Target Company 1 (as purchaser), as supplemented by a completion notification dated 9 July 2015 agreed between the Property Vendor and Acquisition Target Company 1;
“Property SPA 2”	the provisional sale and purchase agreement in relation to the Property 2 for HK\$240,000,000 dated 22 February 2013 between the Property Vendor (as vendor) and Acquisition Target Company 2 (as purchaser), as supplemented by a completion notification dated 9 July 2015 agreed between the Property Vendor and Acquisition Target Company 2;
“Property Vendor”	City Plan Limited, a company incorporated in Hong Kong which is an indirect wholly-owned subsidiary of CSI;
“Remaining Group”	the Group excluding the Disposal Target Companies and the Disposal Target Company Subsidiaries immediately after the Disposal Closing;
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Peak Road SPA, the AXA Provisional Agreement, the AXA SPA and the transactions contemplated thereunder, and the re-election of a Director as referred to in this circular;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	Ordinary Shareholder(s) or Preference Shareholder(s), as the case may be;
“Share(s)”	the Ordinary Share(s) and, or Preference Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

LETTER FROM THE BOARD

PALADIN LIMITED

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

Executive Director

Dr. Oung Shih Hua, James (*Chairman*)

Non-executive Directors

Mr. Yuen Chi Wah

Mr. Chan Chi Ho

Independent non-executive Directors

Dr. Au Chik Lam Alexander

Professor Huang Weizong Martin

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal office

Suite 2304, 23rd Floor,
Sun Life Tower
The Gateway
Harbour City
Tsim Sha Tsui
Kowloon
Hong Kong

25 August 2015

To the Ordinary Shareholders

(and Preference Shareholders for information purposes only)

Dear Sir or Madam,

**(I) VERY SUBSTANTIAL DISPOSAL CONCERNING
PROPERTY-HOLDING COMPANIES;
(II) VERY SUBSTANTIAL ACQUISITION CONCERNING
COMPANIES WITH RIGHTS TO ACQUIRE PROPERTIES;
(III) PROPOSED RE-ELECTION OF A DIRECTOR;
AND
(IV) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements. On Wednesday, 17 June 2015, the Company (as the vendor) entered into the Peak Road SPA with Equal Force (as the purchaser), an indirect wholly-owned subsidiary of CSI, for the sale of the Disposal Sale Shares and Disposal Sale Loan from the Company to Equal Force for a consideration of HK\$1,825,000,000, subject to adjustment. The Disposal Sale Shares represent shares in the Disposal Target Companies, which are holding companies of the Disposal Target Company Subsidiaries. The Disposal Target Company Subsidiaries are the registered and beneficial owners of the Peak Road Property.

LETTER FROM THE BOARD

On Friday, 10 July 2015, the Company entered into the AXA Provisional Agreement with Focus Master, an indirect wholly-owned subsidiary of CSI, and CSI, pursuant to which Focus Master has agreed to sell and the Company has agreed to purchase the Acquisition Sale Interests. The Acquisition Sale Interests include the Acquisition Sale Shares and Acquisition Sale Loans. The Acquisition Sale Shares comprise the entire issued share capital of each of Acquisition Target Company 1 and Acquisition Target Company 2, which are companies with rights to acquire the AXA Properties from the Property Vendor, being an acquisition to be effected upon Acquisition Closing. The aggregate consideration for the Acquisition Sale Interests and the AXA Properties is HK\$498,806,312. On Thursday, 30 July 2015, the Company, Focus Master and CSI entered into the AXA SPA which replaces the AXA Provisional Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details about the Peak Road SPA and the AXA SPA; (ii) financial information of the Group; (iii) financial information of the Disposal Target Group; (iv) unaudited proforma financial information of the Remaining Group and the Enlarged Group; (v) a property valuation report relating to the Peak Road Property; (vi) accountant's report of the Acquisition Target Companies; (vii) a property valuation report relating to the AXA Properties; (viii) information on the Acquisition Target Companies and the AXA Properties; (ix) details of the proposed re-election of a Director; and (x) a notice of the SGM.

A) THE DISPOSAL – THE PEAK ROAD SPA

Date

17 June 2015

Parties

- (1) Paladin, being the vendor; and
- (2) Equal Force, being the purchaser.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Equal Force and its ultimate beneficial owners are Independent Third Parties.

Subject Matter

Equal Force has conditionally agreed to acquire and the Company has conditionally agreed to sell the Disposal Sale Shares and the Disposal Sale Loan.

LETTER FROM THE BOARD

Purchase Price

Subject to adjustment as provided below, the purchase price (the “**Purchase Price**”) payable by Equal Force for the Disposal is HK\$1,825,000,000 which shall be satisfied in the following manner:

- (a) a sum of HK\$182,500,000 was paid upon signing of the Peak Road SPA as a refundable deposit (the “**Deposit**”); and
- (b) the balance of the Purchase Price shall be paid on the Disposal Closing Date by Equal Force in the following manner:
 - (I) the aggregate amount equivalent to the Closing Bank Loans (which amounted to approximately HK\$771,000,000 as at 31 March 2015) shall be paid by Equal Force for the respective amount of the Closing Bank Loans drawn in favour of each of the banks (for the account of the Disposal Target Company Subsidiaries) respectively, to the Company’s solicitors; and
 - (II) the net balance of the Purchase Price (i.e. after deducting therefrom an amount equivalent to the Closing Bank Loans under sub-paragraph (b)(I) above and the Deposit under sub-paragraph (a) above) (the “**Net Balance**”) shall be paid by Equal Force to the Company in the following manner:
 - (i) if the face amount of the Disposal Sale Loan (expected to be approximately HK\$1,144,000,000) is equal to or smaller than the Net Balance and the Deposit, an amount equivalent to the face amount of the Disposal Sale Loan shall be treated as the consideration for the Disposal Sale Loan and the remaining balance thereof, shall be treated as the consideration for the Disposal Sale Shares; or
 - (ii) if the face amount of the Disposal Sale Loan is more than the Net Balance and the Deposit, the total of the Net Balance and the Deposit shall be treated as the consideration for the Disposal Sale Loan and Equal Force shall pay an additional amount of US\$5.00 (i.e. US\$1.00 each) to purchase each of the one Sale Share at its face value, constituting the entire issued share capital of each of the Disposal Target Companies.

LETTER FROM THE BOARD

The Purchase Price shall be adjusted following the Disposal Closing as follows:–

- (a) if the amount of the Actual Net Debt exceeds the Estimated Net Debt (which the Company estimates will be approximately HK\$10,000,000 based on unaudited management accounts as at 31 March 2015, the key component of which is a provision for the payment of fees in relation to certain litigation that has been settled), by deducting the amount by which the Actual Net Debt exceeds the Estimated Net Debt; or
- (b) if the amount of the Actual Net Debt is less than the Estimated Net Debt, by adding the amount by which the Actual Net Debt is less than the Estimated Net Debt.

No adjustment to the Purchase Price is required if the Actual Net Debt is equal to the Estimated Net Debt. The Directors expect the Actual Net Debt to have been determined and agreed no later than 30 Business Days after the Acquisition Closing.

If, as a result of such adjustment above:

- (a) the amount of the Purchase Price is reduced, the Company shall pay a sum equal to that reduction to Equal Force within five Business Days of the finalisation of the Actual Net Debt; or
- (b) the amount of the Purchase Price is increased, Equal Force shall pay a sum equal to that increase to the Company within five Business Days of the finalisation of the Actual Net Debt.

Although the figures in relation to the Closing Bank Loans, the Disposal Sale Loan and the Estimated Net Debt are calculated by reference to unaudited management accounts as at 31 March 2015, the Company does not expect there to be any significant changes to the aforementioned figures on the Disposal Closing.

Conditions Precedent to the Peak Road SPA

The Disposal Closing is subject to and conditional upon:

- (a) the Company having obtained approval of its shareholders in general meeting necessary to approve and implement the transaction in full compliance with the Listing Rules;
- (b) the Company providing Equal Force with an opportunity to inspect the title documents of the Peak Road Property (save and except the security documents) and the originals of the tenancy agreements as soon as reasonably practicable;

LETTER FROM THE BOARD

- (c) there being no litigation (whether in the form of seeking an injunctive relief or otherwise) instituted by any party against the Company and/or any of the Disposal Target Companies and/or Disposal Target Company Subsidiaries which has the effect of impeding or preventing the full consummation of the Disposal; and
- (d) save and except any change in the market price of the Peak Road Property, there being no material adverse change to the Disposal Target Companies and/or the Disposal Target Company Subsidiaries since 31 March 2015 which would have the effect of reducing the value of the Disposal Target Companies and the Disposal Target Company Subsidiaries and/or the Peak Road Property by an amount in excess of HK\$200,000,000.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above. Subject to the right of Equal Force to waive the fulfilment of any of the conditions referred to in (b), (c) and (d) above, if the conditions have not been fulfilled on or prior to 31 October 2015 or such later date as may be agreed between the parties, the Peak Road SPA shall lapse and become null and void and the parties shall be released from all obligations under the Peak Road SPA, save and except:

- (a) for the on-going obligations contained in the Peak Road SPA;
- (b) for liability in respect of any antecedent breaches of the Peak Road SPA; and
- (c) the Company's solicitors shall return the Deposit to Equal Force forthwith upon non-fulfilment of the conditions.

As at the Latest Practicable Date, condition (a) above had yet to be fulfilled. In relation to condition (b) above, a majority of the title documents of the Peak Road Property (save and except the security documents) and the tenancy agreements had been provided to Equal Force's solicitors for inspection. The Company is in the process of obtaining the remaining title documents from its banks for inspection by Equal Force's solicitors. As at the Latest Practicable Date, the Directors were not aware of any circumstances that could trigger a failure of condition (c) or (d).

Basis of the Consideration

On 16 February 2015, the Company announced the appointment of CBRE Limited, to conduct, in conjunction with Anglo Chinese, a private tender process, with a view to ascertaining interest from prospective bidders in acquiring certain wholly-owned subsidiaries of the Company which, themselves, own the Peak Road Property.

Pursuant to the private tender process, marketing materials in relation to the Peak Road Property were circulated by CBRE Limited to hundreds of selected professional investors based on the database owned by CBRE Limited. A number of parties expressed interest in the Peak Road Property. After the potential bidders were given the opportunity to conduct due diligence and site inspections, the private tender package (including the bid letter and the draft Peak Road SPA) was circulated to four potential bidders, who had expressed an interest to bid.

LETTER FROM THE BOARD

The deadline for submitting bids under the private tender process was 12 noon on 15 June 2015 with bids remaining valid for acceptance by Paladin for 48 hours under the terms of the private tender process, but with Paladin being under no obligation to accept any of the bids submitted under the private tender process. CSI, which had previously been in discussions with Paladin with respect to the Peak Road Property, privately agreed to a price which was higher than the bid price submitted under the private tender process. On 17 June 2015, the Company (as vendor) entered into the Peak Road SPA with Equal Force (as the purchaser), an indirectly held wholly-owned subsidiary of CSI.

The Peak Road Property comprises (i) 17 units in an overall development of 34 units; (ii) 1 house; (iii) 31 car parking spaces out of 53 car parking spaces; and (iv) 5 motorcycle parking spaces. The balance of 17 units and 22 car parking spaces are not owned by the Company. The multi-ownership of the development, of which the Peak Road Property forms a part, restricts the flexibility of any owner of the Peak Road Property in renovating or redeveloping the Peak Road Property. Furthermore, the Peak Road Property requires material capital expenditure in the absence of which the Peak Road Property and its value may deteriorate. The Group does not have readily available resources to undertake its share of funding such capital expenditure. The Directors are satisfied that the Peak Road Property was offered to a large number of potential purchasers and that the price achieved through the proposed sale to a subsidiary of CSI, reflects a fair and reasonable price for the Peak Road Property in its current condition. The Directors also took into account that the purchase price was a price higher than the bid price the Company was able to obtain during the private tender process, and that the proposed purchaser is a subsidiary of CSI which is listed on the Stock Exchange. Accordingly, the Directors (including the independent non-executive Directors) consider that the Purchase Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

CLOSING OF THE DISPOSAL

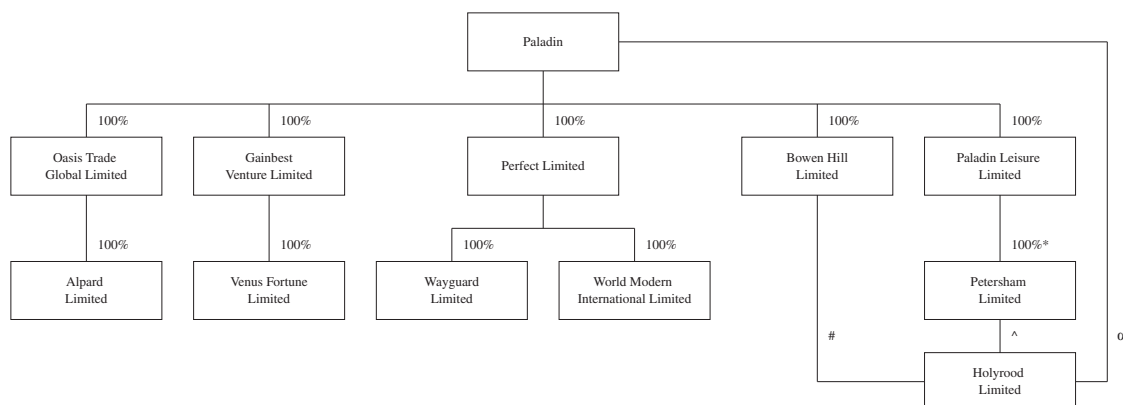
The Disposal Closing is expected to take place on the later of: 10 Business Days after the date of receipt of a written notice from the Company to Equal Force confirming fulfilment of the last of the conditions; and the date falling 75 days after the date of the Peak Road SPA (or, if not a Business Day, the immediate next following Business Day), or otherwise such other date as is mutually agreed between the Company and Equal Force in writing.

After the Disposal Closing, the Disposal Target Companies, and subsequently the Disposal Target Company Subsidiaries, will cease to be subsidiaries of the Company, and the Group will not retain any interest in the Peak Road Property.

LETTER FROM THE BOARD

INFORMATION ABOUT THE DISPOSAL TARGET GROUP

The Disposal Target Company Subsidiaries are the registered and beneficial owners of the Peak Road Property, representing the Company's entire interests in the Peak Road Property, or otherwise have certain interests in the Peak Road Property (as described below), and the Disposal Target Companies are the holding companies of the Disposal Target Company Subsidiaries. Set out below is a simplified diagram of the structure of the Disposal Target Group:



Notes:

- * 50% of Petersham Limited held by Paladin Leisure Limited and 50% held on trust for Paladin group.
- # 50% of the non-voting shares and approximately 0.1% of the voting shares of Holyrood Limited held by Bowen Hill Limited.
- ^ 50% of the non-voting shares of Holyrood Limited held by Petersham Limited.
- α 99.9% of the voting shares of Holyrood Limited held by Paladin.

Set out below is the relevant financial information of each Disposal Target Company and Disposal Target Company Subsidiary for the years ended 30 June 2013 and 2014:

Paladin Leisure Limited (an intermediate holding company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation and extraordinary items (unaudited)	4,680	4,680
Net loss after taxation and extraordinary items (unaudited)	4,680	4,680

LETTER FROM THE BOARD

The unaudited net liabilities of Paladin Leisure Limited as at 31 March 2015 were approximately HK\$153,000.

Gainbest Venture Limited (an intermediate holding company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation and extraordinary items (unaudited)	5,850	7,098
Net loss after taxation and extraordinary items (unaudited)	5,850	7,098

The unaudited net liabilities of Gainbest Venture Limited as at 31 March 2015 were approximately HK\$70,000.

Perfect Place Limited (an intermediate holding company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation and extraordinary items (unaudited)	6,849	5,850
Net loss after taxation and extraordinary items (unaudited)	6,849	5,850

The unaudited net liabilities of Perfect Place Limited as at 31 March 2015 were approximately HK\$2,763,000, essentially representing amounts owed to the Company.

Bowen Hill Limited (an intermediate holding company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation and extraordinary items (unaudited)	5,850	5,850
Net loss after taxation and extraordinary items (unaudited)	5,850	5,850

LETTER FROM THE BOARD

The unaudited net liabilities of Bowen Hill Limited as at 31 March 2015 were approximately HK\$113,000.

Oasis Trade Global Limited (an intermediate holding company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net profit/loss before taxation and extraordinary items (unaudited)	N/A	N/A
Net profit/loss after taxation and extraordinary items (unaudited)	N/A	N/A

Oasis Trade Global Limited was newly incorporated on 10 October 2014. The unaudited net liabilities of Oasis Trade Global Limited as at 31 March 2015 were approximately HK\$100.

Alpard Limited (a Peak Road Property-owning company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net profit before taxation and extraordinary items (audited)	19,954,475	1,752,276
Net profit after taxation and extraordinary items (audited)	19,954,475	1,752,276

The unaudited net asset value of Alpard Limited as at 31 March 2015 was approximately HK\$67,490,000. This company held properties comprised within the Peak Road Property valued at approximately HK\$315,000,000, but had total liabilities, including those owing to banks and intercompany balances, of approximately HK\$251,000,000, in each case as at 31 March 2015.

Venus Fortune Limited (a Peak Road Property-owning company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net profit/(loss) before taxation and extraordinary items (audited)	(5,585,754)	83,452,892
Net profit/(loss) after taxation and extraordinary items (audited)	(5,585,754)	83,452,892

LETTER FROM THE BOARD

The unaudited net liabilities of Venus Fortune Limited as at 31 March 2015 were approximately HK\$54,371,000. This company held properties comprised within the Peak Road Property valued at approximately HK\$355,000,000, but had liabilities, including those owing to banks and intercompany balances, of approximately HK\$426,000,000, in each case as at 31 March 2015.

Wayguard Limited (a Peak Road Property-owning company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation and extraordinary items (audited)	6,926,880	1,843,861
Net loss after taxation and extraordinary items (audited)	6,926,880	1,843,861

The unaudited net liabilities of Wayguard Limited as at 31 March 2015 were approximately HK\$39,840,000. This company held properties comprised within the Peak Road Property valued at approximately HK\$450,000,000, but had liabilities, including those owing to banks and intercompany balances, of approximately HK\$492,000,000, in each case as at 31 March 2015.

World Modern International Limited (a Peak Road Property-owning company)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net profit before taxation and extraordinary items (audited)	11,577,102	39,363,174
Net profit after taxation and extraordinary items (audited)	11,577,102	39,363,174

LETTER FROM THE BOARD

The unaudited net asset value of World Modern International Limited as at 31 March 2015 was approximately HK\$57,238,000. This company held properties comprised within the Peak Road Property valued at approximately HK\$631,000,000, but had liabilities, including those owing to banks and intercompany balances, of approximately HK\$763,000,000, in each case as at 31 March 2015.

Petersham Limited (management company in respect of the Peak Road Property)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation and extraordinary items (audited)	229,117	180,240
Net loss after taxation and extraordinary items (audited)	229,117	180,240

The unaudited net liabilities of Petersham Limited as at 31 March 2015 was approximately HK\$11,774,000, the main asset of which was current assets (i.e. the receivables from the property management earnings of approximately HK\$5,000,000) and the main liabilities of which were intercompany balances of approximately HK\$18,000,000.

Holyrood Limited (former owner of the Peak Road Property)	For the year ended	
	30 June	
	2013	2014
	<i>HK\$</i>	<i>HK\$</i>
Net profit/(loss) before taxation and extraordinary items (audited)	(10,420,367)	361,838,674
Net profit/(loss) after taxation and extraordinary items (audited)	(10,430,367)	361,838,674

The unaudited net asset value of Holyrood Limited as at 31 March 2015 was approximately HK\$940,372,000, which is an intercompany receivable from the Company, essentially comprising the historic gain on transfer of the Peak Road Property to the companies identified above which now, between them, hold the Peak Road Property.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company has, for some time, been seeking to realise value in respect of the Peak Road Property located, as it is, in a prime position on the Peak, Hong Kong. Having considered a number of alternatives with Anglo Chinese, in its capacity as administrator of the Peak Road Property, sale by tender was considered by the Company to be the most appropriate, subject to price and other sale terms. In particular, the Company considered and

LETTER FROM THE BOARD

rejected notions of refurbishing or renovating the Peak Road Property, given the Company's assessment of the substantial additional costs required for either such project, the uncertainty of raising additional finance to pursue the same, and the risks of a property market in a weaker state at the time of completing such a project.

As it transpired, the tender process generated interest in the Disposal Target Companies from a number of professional investors. Ultimately, CSI privately agreed to a price which was higher than the bid price submitted under the private tender process. The Directors firmly believe that the Disposal is on terms that are fair and reasonable and in the best interest of the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND THE REMAINING GROUP

The principal activities of the Company and its subsidiaries are re-development of the Peak Road Property and property investment.

Based on the Group's unaudited accounts as at 31 December 2014, the cash position, total assets and net assets of the Company were approximately as follows:

	Based on the Group's unaudited accounts as at 31 December 2014	Upon Disposal Closing (estimated)
Cash and cash equivalents	HK\$199,111,000	HK\$1,209,111,000
Total assets	HK\$1,208,537,000	HK\$1,257,989,000
Percentage ratio of cash and cash equivalents to the total assets	16.5%	96.1%
Net assets	HK\$233,354,000	HK\$1,098,450,000
Percentage ratio of cash and cash equivalents to the net assets	85.3%	110.1%

After the Disposal Closing, it is expected that the Company will continue to focus on property investment and development. The Company proposes to pursue other property investment or property development projects, including the Acquisition, using net proceeds from the Disposal (after repayment of bank loans) towards financing the same. Please refer to the section headed "Financial Effect of the Disposal and Intended Use of Proceeds" for further details.

LETTER FROM THE BOARD

INFORMATION ON EQUAL FORCE AND CSI

Equal Force is an indirect wholly-owned subsidiary of CSI, a company listed on the Main Board of the Stock Exchange with stock code no. 497. CSI is an investment holding company. The principal activities of CSI's principal subsidiaries include property investment, repositioning and development.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Board expects that, upon the Disposal Closing, the Group will recognise a net gain of approximately HK\$833,000,000, which is calculated with reference to (i) the purchase price of HK\$1,825,000,000; (ii) the carrying amount of the investments of the Disposal Target Group of approximately HK\$954,000,000 as at 30 June 2014; and (iii) the estimated costs and expenses of approximately HK\$38,000,000 associated with the Disposal, and which include professional fees, printing costs and total estimated fees (before legal and other costs) payable to Anglo Chinese of HK\$14,425,000 pursuant to the Administration Agreement dated 14 November 2014, (as supplemented by a letter dated 3 December 2014 signed by the Company and Anglo Chinese). The said fees payable to Anglo Chinese comprise (1) HK\$550,000 monthly fees for management services rendered for a period of six months; (2) a fee of HK\$2,000,000 for retaining professional firms to develop proposals for a complete redevelopment and a refurbishment of the Peak Road Property; and (3) a fee of 0.5% of the net consideration received by the Company from the Disposal. The fees payable to Anglo Chinese will be deducted from the proceeds from the Disposal (net of legal and other costs) received by the Company. Shareholders should note that the actual gain from the Disposal to be recorded by the Company will depend on the financial position of the Disposal Target Group and the Disposal Sale Loan, as at the Disposal Closing Date. The Directors consider that the Disposal will not have any significant adverse effect on the financial position of the Company.

According to the audited financial information of the Company as at 30 June 2014, after repayment of bank loans of approximately HK\$748,000,000, the Company expects to retain net proceeds of approximately HK\$1,001,000,000 which, after settlement of estimated costs and expenses associated with the Disposal, will provide the Company with a substantial working capital, which the Directors anticipate putting to immediate use in pursuing other property investment or property development projects, including the Acquisition. With the Peak Road SPA now entered into, the Board has a credible platform from which to identify, select and negotiate terms in respect of new property projects. The aforesaid estimated net proceeds are intended to be used as follows:

- (i) approximately 60% for the Acquisition (including the professional fees incurred);
- (ii) approximately 30% for further acquisition(s) of new property development and/or property development projects; and

LETTER FROM THE BOARD

(iii) the remaining 10% for the general working capital of the Group.

The Company is actively looking for suitable property projects in Hong Kong and overseas and may consider investments in technology businesses including light-emitting diode and optical fibre technologies in the PRC. As at the Latest Practicable Date, the Company is at the preliminary stage of shortlisting a number of property investment projects, and may or may not enter into negotiations with the relevant sellers/agents. As at the Latest Practicable Date, the Company has not entered into any definitive agreements with any parties, except for the Acquisition, and no specific investment opportunity in technology businesses has been identified.

The Company will disclose the details in accordance with relevant Listing Rules and comply with the requirements of relevant Listing Rules.

FURTHER INFORMATION ON THE PEAK ROAD PROPERTY

The Peak Road Property comprises the following:

- Duplex A (including private garden, bay window, AHU area and flat roof) on Ground and First Floor of Block A2, “8-12 Peak Road”, No.8 Peak Road, Hong Kong;
- Flat A (including bay window, AHU area and balcony) on 2nd Floor of Block A2, “8-12 Peak Road”, No.8 Peak Road, Hong Kong;
- Flat A (including bay window, AHU area and balcony) on 3rd Floor of Block A2, “8-12 Peak Road”, No.8 Peak Road, Hong Kong;
- House B, “8-12 Peak Road”, No.10 Peak Road, Hong Kong;
- Duplex B (including private garden, bay window, AHU area and flat roof) on Ground and First Floor of Block A2, “8-12 Peak Road”, No.8 Peak Road, Hong Kong;
- Flat A (including bay window, AHU area and balcony) on 5th Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat A (including bay window, AHU area and balcony) on 6th Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat B (including bay window, AHU area and balcony) on 9th Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Duplex A (including flat roof, bay window, balcony, AHU area, swimming pool and filtration plant room) on 9th and 10th Floor of Block A2, “8-12 Peak Road”, No.8 Peak Road, Hong Kong;

LETTER FROM THE BOARD

- Duplex B (including flat roof, bay window, balcony, AHU area, swimming pool and filtration plant room) on 9th and 10th Floor of Block A2, “8-12 Peak Road”, No.8 Peak Road, Hong Kong;
- Duplex A (including bay window, AHU area, private garden and flat roof) on Ground and First Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Duplex B (including bay window, AHU area, private garden and flat roof) on Ground and First Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat A (including bay window, AHU area and balcony) on 2nd Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat B (including bay window, AHU area and balcony) on 2nd Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat B (including bay window, AHU area and balcony) on 6th Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat A (including bay window, AHU area and balcony) on 7th Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat A (including bay window, AHU area and balcony) on 9th Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong;
- Flat B (including flat roof, bay window, balcony, AHU area, roof, swimming Pool and filtration plant room) on 10th Floor of Block A1, “8-12 Peak Road”, No.12 Peak Road, Hong Kong; and
- 31 car parking spaces and 5 motorcycle parking spaces at Nos. 8, 10 & 12 Peak Road, Hong Kong as further particularised in Appendix III of this circular.

Your attention is drawn to appendix III of this circular for further information relevant to the Peak Road Property, namely an independent valuation report in respect of the Peak Road Property.

LETTER FROM THE BOARD

EFFECT OF THE DISPOSAL ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Based on the unaudited pro forma financial information in appendix V to this circular which was prepared for illustrative purposes only, upon the completion of the Disposal, the total assets of the Group would be increased by approximately HK\$31.4 million to approximately HK\$1,240.0 million, the total liabilities of the Group would be decreased by approximately HK\$810.2 million to approximately HK\$165.0 million and equity attributable to shareholders would be increased by approximately HK\$841.6 million to approximately HK\$1,074.9 million as shown in the unaudited pro forma consolidated statement of financial position of the Remaining Group. The gearing ratio, which was calculated using the bank borrowings of approximately HK\$32 million and the equity attributable to shareholders of approximately HK\$1,074.9 million would be reduced to about 3.0% while the current ratio would be increased to about 8.0, being current assets of approximately HK\$1,207.5 million over current liabilities of approximately HK\$150.9 million. As shown in the unaudited pro forma consolidated income statement of the Remaining Group, the profit of the Group attributable to its shareholders would be increased from approximately HK\$195.5 million to approximately HK\$992.5 million. Please refer to appendix V to this circular for the unaudited pro forma financial information of the Remaining Group.

The unaudited pro forma financial information of the Remaining Group is for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not purport to represent the true picture of the financial position of the Remaining Group that would have been attained had completion of the Disposal taken place at the dates indicated herein, or the financial results and cash flows of the Remaining Group. Further, the accompanying unaudited pro forma financial information does not purport to predict the Remaining Group's future financial position, results of operations or cash flows.

B) THE ACQUISITION – THE AXA PROVISIONAL AGREEMENT / AXA SPA

Date of the AXA Provisional Agreement

10 July 2015

Parties

- (1) Focus Master, being the vendor;
- (2) CSI, being the guarantor; and
- (3) Paladin, being the purchaser.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Focus Master, CSI and their ultimate beneficial owners are Independent Third Parties.

Subject Matter

Subject to satisfaction of the conditions precedent to the AXA SPA, the Company has agreed to purchase, and Focus Master has agreed to sell, the Acquisition Sale Interests. The Acquisition Sale Interests include the Acquisition Sale Shares and Acquisition Sale Loans. The Acquisition Sale Shares comprise the entire issued share capital of each of Acquisition Target Company 1 and Acquisition Target Company 2, which are companies with rights to acquire the AXA Properties from the Property Vendor.

Acquisition Target Company 1 is the purchaser pursuant to:

- (i) the Property SPA 1 in relation to the sale and purchase of Property 1 for the consideration of HK\$237,000,000; and
- (ii) the CPS SPA 1 in relation to the sale and purchase of the Car Park Space 1 for the consideration of HK\$7,000,000.

Acquisition Target Company 2 is the purchaser pursuant to:

- (i) the Property SPA 2 in relation to the sale and purchase of Property 2 for the consideration of HK\$240,000,000; and
- (ii) the CPS SPA 2 in relation to the sale and purchase of the Car Park Space 2 for the consideration of HK\$9,330,000.

An aggregate deposit of HK\$40,000 was paid by the Acquisition Target Companies to the Property Vendor pursuant to the Properties SPA on the date of signing of the Properties SPA.

Consideration

The consideration payable by the Company includes:

- (i) HK\$5,516,312 for the Acquisition Sale Interests, payable to Focus Master pursuant to the AXA Provisional Agreement; and
- (ii) HK\$493,290,000, representing the respective balance of the purchase price pursuant to the Properties SPA, payable to the Property Vendor.

LETTER FROM THE BOARD

The Company paid Focus Master a refundable deposit of HK\$3,000,000 upon the signing of the AXA Provisional Agreement, and shall pay the balance of the consideration pursuant to the AXA Provisional Agreement upon Acquisition Closing. The Company shall pay to the Property Vendor the respective balance of the purchase price pursuant to the Properties SPA upon Acquisition Closing.

The consideration is determined after arm's length negotiations between the Company and Focus Master based on the historical sales prices relevant to interests in the AXA Centre and the prevailing market value of the AXA Properties.

Guarantee

CSI, in consideration of the Company's agreement to purchase the Acquisition Sale Interests, guarantees the full performance of all obligations of Focus Master under the AXA Provisional Agreement, and shall fully indemnify the Company for all losses and damages, costs and expenses which the Company may suffer or incur as a result of or in connection with any default by Focus Master of any such obligations.

AXA SPA

The Company, Focus Master and CSI entered into the AXA SPA on 30 July 2015, which is a formal agreement for the Acquisition and replaces the AXA Provisional Agreement. The AXA SPA confirms and adopts all the terms and conditions of the AXA Provisional Agreement, with an additional provision that provides that Focus Master shall procure the Property Vendor to transfer the rental deposits in respect of Property 1 to Acquisition Target Company 1 and the rental deposits in respect of Property 2 to Acquisition Target Company 2.

LETTER FROM THE BOARD

Conditions Precedent to the AXA SPA

Acquisition Closing is subject to and conditional upon (unless waived in writing by the Company):

- (a) Focus Master having proved that the Property Vendor possess good title to the AXA Properties free from any Encumbrances, and that the Property Vendor is able to give good title to the AXA Properties, in each case subject only to the existing tenancies and the existing legal charge(s) which shall be released upon Acquisition Closing;
- (b) the Company having obtained approval of its shareholders in general meeting necessary to approve and implement the transaction in full compliance with the Listing Rules;
- (c) the Peak Road SPA having become unconditional in all respects; and
- (d) the Company not being aware of any material breach of any of Focus Master's warranties set out in the AXA SPA after having conducted due diligence in respect of the Acquisition Target Companies and the AXA Properties.

If any of the conditions above is not satisfied on or before 31 October 2015 (or such other date as the parties may agree in writing), the AXA SPA shall lapse and become null and void and the parties shall be released from all obligations under the AXA SPA, save and except (i) liability in respect of any antecedent breaches; and (ii) CSI shall return or procure the return of the deposit to the Company forthwith upon non-fulfilment of the conditions.

As at the Latest Practicable Date, conditions (a), (b) and (c) above had yet to be fulfilled. As at the Latest Practicable Date, the Company is not aware of any circumstances that have arisen that may cause condition (d) to be unable to be fulfilled.

Stamp Duty and Costs

Stamp duty (if any) payable on the AXA Provisional Agreement (and/or the subsequent AXA SPA), the bought and sold notes, the instruments of transfer and loan assignments shall be borne by the Company. Each party shall bear its own legal costs in relation to the AXA Provisional Agreement and the subsequent AXA SPA.

Stamp duty payable on the Property SPA 1 and the Property SPA 2 (and/or the subsequent formal agreement and the assignment of the relevant office floors) shall be borne by the Company, up to a maximum amount of 4.25% of the total purchase price thereunder, and Focus Master shall be responsible for all amounts in excess thereof (if any). All reasonable legal costs in relation to the Property SPA 1 and the Property SPA 2 and the relevant assignments shall be borne by the Acquisition Target Companies.

LETTER FROM THE BOARD

Focus Master shall be responsible for all stamp duty payable under the CPS SPA 1 and the CPS SPA 2 (and/or the subsequent formal agreement and the assignment of the relevant car parks). All reasonable legal costs in relation to the CPS SPA 1 and the CPS SPA 2 shall be borne by the Acquisition Target Companies.

Acquisition Closing

The AXA SPA provides that subject to the satisfaction of the conditions precedent set out above, the Acquisition Closing shall take place simultaneously with the Disposal Closing.

Closing of the Properties SPA

The Properties SPA provides that closing of the Properties SPA shall take place simultaneously with the Disposal Closing. The AXA SPA provides that Focus Master shall procure that the Acquisition Target Companies shall perform all of their obligations under the Properties SPA so as to complete their purchases of the AXA Properties thereunder; while the Company shall pay the respective balance of the purchase price pursuant to the Properties SPA.

INFORMATION ABOUT THE ACQUISITION TARGET COMPANIES

The Acquisition Target Companies hold the rights to acquire interests in the AXA Properties, and are wholly-owned by Focus Master.

Set out below is the relevant financial information of each of the Acquisition Target Companies for the years ended 30 June 2014 and 2015:

	For the year ended	
	30 June	
Acme Elite Limited	2014	2015
	<i>HK\$</i>	<i>HK\$</i>
Net loss before and after taxation and extraordinary items (unaudited)	4,914	4,914

LETTER FROM THE BOARD

The unaudited net liabilities of Acme Elite Limited as at 30 June 2015 were approximately HK\$15,124.20.

Afar Success Limited	For the year ended	
	30 June	
	2014	2015
	<i>HK\$</i>	<i>HK\$</i>
Net loss before and after taxation and extraordinary items (unaudited)	4,914	4,914

The unaudited net liabilities of Afar Success Limited as at 30 June 2015 were approximately HK\$16,216.20.

INFORMATION OF THE AXA PROPERTIES

The AXA Properties are part of a 26-storey commercial building (including 3 storeys of car parks) with frontages onto Gloucester Road, Tonnochy Road and Jaffe Road. Property 1 and Property 2 have a total gross floor area of approximately 31,454 square feet.

Each of Property 1 and Property 2 is let to the same tenant (an Independent Third Party), at a monthly rental of HK\$684,215.90, for a term of two years from 1 April 2015 to 31 March 2017. Car Park Space 1 and Car Park Space 2 are licenced to the same licensee (an Independent Third Party), for a term of two years from 1 September 2013 to 31 August 2015, and represents a portion of car park spaces of AXA Centre licenced to such licensee, at a monthly licence fee of HK\$222,000 for approximately 49 car park spaces. As at the Latest Practicable Date, the Company has not made a decision as to plans for renewal of the above tenancies/licences.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As mentioned above, the Peak Road Property requires material capital expenditure in the absence of which the Peak Road Property and its value may deteriorate. Since the Group does not have readily available resources to undertake its share of funding such capital expenditure, the Company decided to dispose of its interests in the Peak Road Property and rework its property portfolio to properties more manageable and better suited to its current financial position. Property 1 and Property 2, being fully let to the same tenant, generate stable revenues. The Directors are of the view that the AXA Properties will continue to generate stable rental income for the Company and accordingly, fit with the Company's financial position and goals. The Directors consider that the terms of the AXA Provisional Agreement and the AXA SPA are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

Furthermore, by completing the Acquisition concurrently with the Peak Road SPA, the Company avoids any risk of it being regarded as a cash company or having insufficient operations.

Apart from the Acquisition, the Company intends to pursue other property investment and/or property development projects. As at the Latest Practicable Date, no concrete proposal has been reached and the Company has not entered into any definitive agreements with any parties. The Company will disclose details of such projects in accordance with the relevant Listing Rules and comply with the requirements of the relevant Listing Rules as and when appropriate.

INFORMATION ON FOCUS MASTER AND CSI

Focus Master is an indirect wholly-owned subsidiary of CSI, a company listed on the Main Board of the Stock Exchange. Focus Master and CSI are investment holding companies. The principal activities of CSI's principal subsidiaries include property investment, repositioning and development.

FURTHER INFORMATION ON THE AXA PROPERTIES

Your attention is drawn to appendix VI of this circular for further information relevant to the AXA Properties, namely an independent valuation report in respect of the AXA Properties, and appendix VII of this circular for further information on the Acquisition Target Companies and the AXA Properties.

EFFECT OF THE ACQUISITION ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Based on the unaudited pro forma financial information in appendix V to this circular which was prepared for illustrative purposes only, upon the completion of the Acquisition, the total assets of the Group would be increased by approximately HK\$32.6 million to approximately HK\$1,241.1 million, the total liabilities of the Group would be decreased by approximately HK\$810.1 million to approximately HK\$165.1 million and equity attributable to shareholders would be increased by approximately HK\$842.7 million to approximately HK\$1,076.1 million as shown in the unaudited pro forma consolidated statement of financial position of the Enlarged Group. The gearing ratio, which was calculated using the bank borrowings of approximately HK\$32 million and the equity attributable to shareholders of approximately HK\$1,076.1 million would be reduced to about 3.0% while the current ratio would be increased to about 4.7, being current assets of approximately HK\$708.7 million over current liabilities of approximately HK\$151.0 million. As shown in the unaudited pro forma consolidated income statement of the Enlarged Group, the profit of the Group attributable to its shareholders would be increased from approximately HK\$195.5 million to approximately HK\$993.7 million. Please refer to appendix V to this circular for the unaudited pro forma financial information of the Enlarged Group.

LETTER FROM THE BOARD

The unaudited pro forma financial information of the Enlarged Group is for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not purport to represent the true picture of the financial position of the Enlarged Group that would have been attained had completion of the Acquisition taken place at the dates indicated herein, or the financial results and cash flows of the Enlarged Group. Further, the accompanying unaudited pro forma financial information does not purport to predict the Enlarged Group's future financial position, results of operations or cash flows.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Disposal are 75% or more, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the reporting, announcement and Shareholders' approval requirements.

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Peak Road SPA, the AXA Provisional Agreement or the AXA SPA. Accordingly, no Shareholder is required to abstain from voting for the resolution(s) to approve the Peak Road SPA, the AXA Provisional Agreement or the AXA SPA and the transactions contemplated thereunder at the SGM.

C) PROPOSED RE-ELECTION OF A DIRECTOR

Pursuant to Bye-law 102(A), the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. Accordingly, Dr. Au Chik Lam Alexander will retire at the SGM and being eligible, offer himself for re-election. To enable the Shareholders to make an informed decision on the re-election of the retiring Director, details of the retiring Director, as required under the Listing Rules, are set out in Appendix VIII to this circular.

LETTER FROM THE BOARD

SGM

The notice converting the SGM is set out on pages 199 to 200 of this circular.

Whether or not Ordinary Shareholders are able to attend the SGM in person, they are requested to complete the enclosed 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 SGM. Completion and return of the form of proxy will not prevent Ordinary Shareholders generally from attending and voting in person at the SGM or any adjournment of it if they so wish. Preference Shareholders are not entitled to attend or vote at the SGM.

VOTING AT THE SGM

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Ordinary Shareholders will be taken by poll at the SGM. An announcement will be made by the Company following conclusion of the SGM to inform the Shareholders of the results of the SGM.

RECOMMENDATION

The Directors consider that the terms of the Peak Road SPA, the AXA Provisional Agreement and the AXA SPA, and the transactions contemplated thereunder have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. In addition, the Directors consider that the re-election of a Director as referred to in this circular is in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolutions proposed at the SGM for the approval and ratification of the Peak Road SPA, the AXA Provisional Agreement and the AXA SPA and the transactions contemplated thereunder, and the re-election of a Director as referred to in this circular.

WARNING

Closing of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed "Conditions Precedent to the Peak Road SPA" in this circular, including the approval of the Peak Road SPA and the transactions contemplated thereunder by the Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

LETTER FROM THE BOARD

Closing of the Acquisition is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed “Conditions Precedent to the AXA SPA” in this circular, including the Peak Road SPA having become unconditional in all respects. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

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

(I) FINANCIAL STATEMENTS OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 30 June 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the three years ended 30 June 2012, 2013 and 2014. The published unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2014 are disclosed in the interim report of the Company for the six months ended 31 December 2014. The aforesaid financial information can be accessed on the website of the Company (<http://www.aplushk.com/clients/00495paladin/>) and the website of the Stock Exchange (<http://www.hkexnews.hk>).

The said financial statements are hereby incorporated by reference in, and form an integral part of, this circular.

(II) MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2014 (being the date to which the latest published audited financial statements of the Company were made up).

(III) STATEMENT OF INDEBTEDNESS

For the purposes of the statement of indebtedness only, the Enlarged Group includes the Disposal Target Group. As at the close of business on 30 June 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had (i) guaranteed bank loans of approximately HK\$701,328,000 and guaranteed bank overdrafts of approximately HK\$57,419,000, which are wholly secured; (ii) amount due to a director of a subsidiary of approximately HK\$150,000, which is unsecured and unguaranteed; (iii) amount due to a related party of approximately HK\$18,026,000, which is unsecured and unguaranteed; and (iv) liability component of convertible redeemable preference shares of approximately HK\$14,930,000, which is unsecured and unguaranteed.

As at 30 June 2015, the Enlarged Group had convertible redeemable preference shares, of which the liability component was approximately HK\$14,930,000. The principal amount of authorised but unissued convertible redeemable preference shares is approximately HK\$10,059,000.

As at 30 June 2015, the Enlarged Group had pledged (i) bank deposits (ii) investment properties (iii) properties held for sale and (iv) deposits placed for a life insurance policy to secure banking facilities granted to the Enlarged Group. In addition, the Group's banking facilities are also supported by personal guarantees given by certain directors of the Company, related parties of the Enlarged Group and the Company.

As at 30 June 2015, being the latest practicable date for the purpose of ascertaining indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group is the defendant of the following legal cases, in which the Directors are of the opinion that the estimated contingent liabilities arising from the litigations cannot be reasonably ascertained.

- (a) On 17 May 2006, Chinese Regency Limited (“**Chinese Regency**”) (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood Limited (“**Holyrood**”), a subsidiary of the Company, for a total sum of not less than HK\$5,760,000, claiming, amongst others, damages for breach of an agreement for sale and purchase of Flat B on the 5th Floor of Block A1 and the car parking space No. 5, Oasis located in Nos. 8, 10 and 12 Peak Road.

On 13 February 2014, Holyrood accepted Chinese Regency’s sanctioned offer to settle the fitting claim for HK\$45,000. On 21 November 2014, Holyrood sent a Notice of Acceptance of Sanctioned Offer dated 30 October 2014 to Chinese Regency accepting its sanctioned offer of HK\$3,783,793 plus interest at 1% above HSBC Best Lending Rate from the date when the individual payments would have been paid by the tenant up to the date of payment, to settle Chinese Regency’s nuisance claim.

On 5 December 2014, Holyrood effected payment of HK\$3,828,793 to Chinese Regency’s Solicitors. On 3 February 2015, Holyrood effected payment of HK\$1,858,534.01, being interest on the HK\$3,783,793. On 23 June 2015, Holyrood and Chinese Regency agreed to settle the outstanding costs between the parties at HK\$500,000 and HK\$50,000 was paid to Chinese Regency’s solicitors. The parties then signed a Consent Order, under which the action will be dismissed upon payment of HK\$450,000 out of Court to the Plaintiff. As at 30 June 2015, Holyrood did not have any outstanding financial obligations in this action.

- (b) On 1 June 2007, Gateway International Development Limited (“**Gateway**”) (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood for a total sum of not less than HK\$5,105,000, claiming, among others, damages for breach of an agreement for sale and purchase of Flat A on the 6th Floor of Block A2 and the car parking space No. 51 located in Nos. 8, 10 and 12 Peak Road, breach of the Deed of Mutual Covenant and nuisance on the development. Judgment was handed down on 1 March 2012 against Holyrood. Holyrood was ordered to pay Gateway the sum of HK\$4,967,000 plus interest. The judge also made a costs order nisi that Holyrood shall pay the legal costs of Gateway on an indemnity basis. Holyrood filed a notice of appeal against the judgment. The appeal was heard on 25 and 26 June 2013. On 11 October 2013, the Court of Appeal delivered judgment dismissing the appeal as regards liability but allowing the appeal as regards quantum (the “**Appeal Judgment**”). Holyrood was ordered to pay half of Gateway’s costs of appeal. On 13 May 2014, an application for leave to appeal was filed to the Appeal Committee of the Court of Final Appeal to seek leave of the Appeal Judgment. The leave application was heard on 6 October 2014 and leave was refused with indemnity costs awarded against Holyrood.

Pursuant to the Appeal Judgment, the damages awarded to Gateway were reduced to HK\$3,258,328.

During the year ended 30 June 2012, Holyrood paid a deposit of HK\$6,692,000 to the High Court, representing the aggregate of (i) the damages of HK\$4,967,000 and (ii) interest of HK\$1,725,000. The deposit was written off against the damages and interest expenses and charged to profit or loss during the year ended 30 June 2012. The legal costs of HK\$4,000,000 were also charged to profit or loss during the year ended 30 June 2012.

On 30 October 2014, the parties jointly applied for a Consent Order to pay out of Court: (i) HK\$5,016,910.24 to Gateway, being the judgment debt together with interest (calculated up to and inclusive of 28 October 2014) pursuant to the Appeal Judgment; and (ii) interest accrued on the payment into Court to Holyrood. On 18 November 2014, Holyrood received from the Court HK\$121,272.00, being interest on the payment into Court. On 19 November 2014, Gateway received HK\$5,016,910.24 from the Court being the judgment debt together with interest (calculated up to and inclusive of 28 October 2014). Holyrood paid a further sum of HK\$15,711.30, being interest on the judgment debt from 29 October 2014 to 19 November 2014. Holyrood remains liable to pay the legal costs of Gateway, the amount of which is pending further agreement between the parties or subject to taxation by the Court.

- (c) On 1 June 2007, Sun Crown Trading Limited (“**Sun Crown**”) (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood for a total sum of not less than HK\$5,091,500, claiming, among others, damages for breach of an agreement for sale and purchase of Flat B on the 6th Floor of Block A2 and the car parking spaces Nos. 47 and 48 located in Nos. 8, 10 and 12 Peak Road, breach of the Deed of Mutual Covenant and nuisance on the development.

Judgment was handed down on 1 March 2012 against Holyrood. Holyrood was ordered to pay Sun Crown the sum of HK\$4,953,395 plus interest. The judge also made a costs order nisi that Holyrood shall pay the legal costs of Sun Crown on an indemnity basis.

Holyrood filed a notice of appeal against the judgment. The appeal was heard on 25 and 26 June 2013. On 11 October 2013, the Court of Appeal delivered judgment dismissing the appeal as regards liability but allowing the appeal as regards quantum (the “**Appeal Judgment**”). Holyrood was ordered to pay half of Sun Crown’s costs of appeal. On 13 May 2014, an application for leave to appeal was filed to the Appeal Committee of the Court of Final Appeal to seek leave of the Appeal Judgment. The leave application was heard on 6 October 2014 and leave was refused with indemnity costs awarded against Holyrood.

Pursuant to the Appeal Judgment, the damages awarded to Sun Crown were reduced to HK\$3,260,008.

During the year ended 30 June 2012, Holyrood paid a deposit of HK\$6,685,000 to the Court of Appeal, representing the aggregate of (i) the damages of HK\$4,953,000 and (ii) interest of HK\$1,732,000. The deposit was written off against the damages and interest expenses and charged to profit or loss during the year ended 30 June 2012. The legal cost of HK\$4,000,000 was also charged to profit or loss during the year ended 30 June 2012.

On 30 October 2014, Gateway and Century Pacific Holdings Limited (“**Century Pacific**”) (the “**Parties**”) jointly applied for a Consent Order to pay out of Court: (i) HK\$5,019,633.96 to Sun Crown, being the judgment debt together with interest (calculated up to and inclusive of 28 October 2014) pursuant to the Appeal Judgment; and (ii) interest accrued on the payment into Court to Holyrood. On 18 November 2014, Holyrood received from the Court HK\$121,548.00, being interest on the payment into Court. On 19 November 2014, Sun Crown received HK\$5,019,633.96 from the Court being the judgment debt together with interest (calculated up to and inclusive of 28 October 2014). Holyrood paid a further sum of HK\$15,719.44, being interest on the judgment debt from 29 October 2014 to 19 November 2014. Holyrood remains liable to pay the legal costs of Sun Crown, the amount of which is pending further agreement between the parties or subject to taxation by the Court.

- (d) On 18 July 2011, Century Pacific (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood for a total sum of not less than HK\$2,340,000, claiming, among others, damages for breach of an agreement for sale and purchase of Flat B on the 3rd Floor of Block A2 and the car parking space No. 38 located in Nos. 8, 10 and 12 Peak Road, breach of the Deed of Mutual Covenant and nuisance on the development. On 14 September 2012, Century Pacific filed a statement of claim. On 24 December 2012, Holyrood filed a defence and on 26 February 2013, Century Pacific filed their reply on the defence. On 15 May 2015, Century Pacific filed a Notice of Intention to Proceed. The litigation is still ongoing and there is no further update on the case up to the Latest Practicable Date.
- (e) On 28 October 2014, Chen Te Kuang Mike (“**Mike Chen**”) issued a writ of summons against Paladin Limited, claiming for (i) repayment of HK\$10,500,000, being an alleged loan made to Magetta Co. Limited which Paladin undertook to repay and HK\$2,000,000, being an alleged loan made to the Company, and (ii) interest. On 27 January 2015, the Company filed a Defence and Counterclaim. The Company’s counterclaim is for Mike Chen’s breach of trust and/or his fiduciary duties owed to the Company. The Company claims, amongst others, for a sum of HK\$410,447 against Mike Chen. On 23 March 2015, Mike Chen filed his Reply and Defence to Counterclaim. The litigation is still ongoing and there is no further update on the case up to the Latest Practicable Date.

- (f) On 14 November 2014, a petition under section 724 of the Companies Ordinance was served on the Company, as first respondent, and Cityguard Holdings Limited, Five Star Investments Limited, Gold Seal Holdings Limited, Mr. Oung Da Ming, Dr. Oung Shih Hua, James, Mr. Yuen Chi Wah and Mr. Chan Chi Ho as second to eighth respondents. The petition was filed by Mr. Chen Te Kuang, Mike (as petitioner), a former Director who was removed from office by a resolution passed by the ordinary shareholders in general meeting held on 1 August 2014.

The petition is “On ground that members unfairly prejudiced” and in it the petitioner asserts among other things that Five Star Investments Limited and Gold Seal Holdings Limited, as well as Dr. Oung Shih Hua, James, have conducted the affairs of the Company in a manner unfairly prejudicial to the interests of other members of the Company, including the petitioner. The petitioner seeks orders to the following effect:-

- (i) proceedings are brought in the names of the Company and two of its subsidiaries against Oung Da Ming, Margaret Uon, Five Star, Cityguard Holdings Limited and/or Gold Seal Holdings Limited;
- (ii) the Company to set up a special committee to review the internal controls and risk management systems of the Company, such special committee to engage independent experts to assist it in reviewing the systems and identifying material weaknesses with recommended remedial actions;
- (iii) a receiver of the Company’s business is appointed until the special committee has completed its review and the recommended remedial actions, if any, are implemented;
- (iv) alternatively, the 4th to 8th respondents and their agents/associates be restrained from acting as directors and/or bank signatories of the Company and its subsidiaries until the special committee has completed its review and the recommended remedial actions, if any, are implemented;
- (v) damages (to be assessed), and any interest on those damages, be paid to the petitioner by any of the 2nd to 8th respondents as the Court thinks fit.

The Company is currently seeking legal advice in relation to the petition.

- (g) On 1 April 2015, Profit Strong International Limited (“**Profit Strong**”) issued a writ of summons against Wayguard Limited (“**Wayguard**”), a subsidiary of the Company, claiming for, amongst others, (i) possession of Suite 2210 on the Twenty Second Floor of J Residence, No. 60 Johnston Road, Hong Kong (the “**Premises**”); (ii) the sum of HK\$250,600.00, being the outstanding arrears of rent when the writ was issued; (iii) further arrears of rent and/or mesne profits to be assessed from 11 April 2015 until vacant possession of the Premises is delivered to Profit Strong. On 9 April 2015, Wayguard paid the sum of HK\$252,600.00 to Profit Strong. Wayguard was not in a position to deliver vacant possession of the Premises to Profit Strong since Mike Chen was occupying the Premises unlawfully. On 6 May 2015, Profit Strong obtained judgment against Wayguard. On 20 May 2015, Wayguard paid a further sum of HK\$42,387.20 to Profit Strong, as part payment of interest and the then outstanding arrears of rent and/or mesne profit due pursuant to the Judgment. As at 30 June 2015, Profit Strong was proceeding with the enforcement proceedings in order to obtain vacant possession of the Premises.

Based on the legal advice obtained by the Enlarged Group, except for the damage, interest and legal cost stated in (a), (b) and (c) above, the Board is of the opinion that the remaining cases are ongoing and the Enlarged Group is unable to evaluate the likely outcome of the actions. Accordingly, no provision is considered necessary.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have outstanding, as at the close of business on 30 June 2015, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

(IV) WORKING CAPITAL

For the purposes of the working capital statement only, the Enlarged Group includes the Disposal Target Group. The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the effect of the Disposal Closing, the Acquisition Closing and the present financial resources available to the Enlarged Group, including funds internally generated from its business operation and the available financial facilities, the Enlarged Group, including the subsidiaries to be disposed of, will have sufficient working capital for its business operations for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

(V) FINANCIAL AND TRADING PROSPECTS

Reference is made to the Announcements. Although the Board decided to dispose of the Peak Road Property, the Company is still confident in the property market in Hong Kong. The Board believes the Acquisition represents a good investment as the Group will earn a stream of rental income from the AXA Properties and will benefit from long-term capital gains in the event the AXA Properties appreciate in value in the future.

(VI) MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP (*On the basis the Disposal has been completed*)

The management discussion and analysis of the Remaining Group for each of the three years ended 30 June 2014, 30 June 2013, and 30 June 2012 and the six months ended 31 December 2014 is set out below. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Company for each of the three years ended 30 June 2014, 30 June 2013, and 30 June 2012, and the unaudited consolidated financial statements of the Company for the six months ended 31 December 2014.

Business and financial review

The Remaining Group reported nil turnover for each of the three years ended 30 June 2014, 30 June 2013, and 30 June 2012 because property investment, through sale of properties and rental income, was the only source of turnover.

The Remaining Group reported total comprehensive income of HK\$957.5 million, HK\$690.8 million and HK\$753.0 million for each of the three years ended 30 June 2014, 30 June 2013, and 30 June 2012, respectively. For the year ended 30 June 2014, the gain on the disposal from the Disposal Target Group and the office premise contributed most of the total income for the Remaining Group. For the two years ended 30 June 2013 and 30 June, 2012, the total income for the Remaining Group was mainly attributed by the gain on the disposal from the Disposal Target Group.

Sensors Integration Technology Limited, a wholly-owned subsidiary of the Group, had planned to conduct research and development of digital camera, camcorder, surveillance, video capturing and processing technology. The plan was in its early stage and this subsidiary generated HK\$1 million for each of the two years ended 30 June 2014 and 30 June 2013, and nil revenue for the year ended 30 June 2012.

Liquidity and financial resources

As at 31 December 2014, net current assets of the Remaining Group were approximately HK\$1,056.6 million. The current ratio was 8.0 as at 31 December 2014. The bank balances and cash were HK\$1,205.4 million as at 31 December 2014, which accounted for approximately 97.2% of the total assets.

As at 30 June 2014, 30 June 2013 and 30 June 2012, net current assets of the Remaining Group were approximately HK\$883.9 million, HK\$598.5 million and HK\$603.8 million, respectively. The current ratio was 10.0, 2.5 and 2.3 as at 30 June 2014, 30 June 2013 and 30 June 2012, respectively. The bank balances and cash were approximately HK\$979.3 million, HK\$1,009.7 million and HK\$1,054.5 million as at 30 June 2014, 30 June 2013 and 30 June 2012, respectively, which accounted for 96.4%, 90.3% and 90.6% of the total assets.

As at 31 December 2014, the Remaining Group had outstanding liabilities of HK\$165.0 million comprising mainly other payables of HK\$81.8 million and secured bank loans of HK\$32 million. The bank borrowings were on floating interest rates basis.

As at 30 June 2014, the Remaining Group had outstanding liabilities of HK\$111.6 million comprising mainly other payables of HK\$81.5 million. The bank borrowings were on floating interest rates basis. As at 30 June 2013, the Remaining Group had outstanding liabilities of HK\$452.0 million comprising mainly other payables of HK\$77.5 million, secured bank loans of HK\$84.6 million, and the amount due to a director of subsidiaries of HK\$235.0 million. The bank borrowings were on floating interest rates basis. As at 30 June 2012, the Remaining Group had outstanding liabilities of HK\$499.9 million comprising mainly other payables of HK\$72.8 million, secured bank loans of HK\$73.6 million, and the amount due to a director of subsidiaries of HK\$249.6 million. The bank borrowings were on floating interest rates basis.

The Remaining Group's currency and interest rate

The majority of the Remaining Group's assets and borrowings were denominated either in Hong Kong dollars or United States dollars thereby avoiding exposure to undesirable exchange rate fluctuations. In view of the stability of the exchange rate of Hong Kong dollars and United States dollars, the Remaining Group had no significant exposure to exchange fluctuation and did not pledge against foreign exchange risk.

The Remaining Group's bank loans were secured by deposit placed for a life insurance policy of approximately HK\$20,803,000.

The Group's gearing ratio, total debts divided by total assets, was approximately 13.3%, 11.0%, 40.4% and 42.9%, as at 31 December 2014, 30 June 2014, 30 June 2013 and 30 June 2012, respectively.

Significant investments, acquisitions and disposals

On 20 December 2013, the Remaining Group entered into a provisional sale and purchase agreement for selling the office premises located at Unit 01, 45th floor, Office Tower, Convention Plaza No. 1 Harbour Road, Wanchai, Hong Kong. The consideration was approximately HK\$337 million and the transaction was completed in April 2014 and the gain on this disposal was approximately HK\$266 million.

Save as disclosed above, during the year ended 30 June 2014, 30 June 2013 and 30 June 2012, the Remaining Group had no further material acquisitions and disposals of subsidiaries. As at 30 June 2014, 30 June 2013 and 30 June 2012, the Remaining Group had no material investment.

Employee and emolument policy

As at 31 December 2014, 30 June 2014, 30 June 2013 and 30 June 2012, the Remaining Group employed a total of 20, 20, 32 and 32 employees, respectively. They were remunerated according to market conditions.

Charge on assets

There was no material charges on the assets of the Remaining Group as at 31 December 2014, 30 June 2014, 30 June 2013 and 30 June 2012.

Capital expenditures

As at 31 December 2014, 30 June 2014, 30 June 2013 and 30 June 2012, the Remaining Group had no significant capital commitments.

Contingent liabilities

As at 31 December 2014, 30 June 2014, 30 June 2013 and 30 June 2012, there were contingent liabilities in respect of certain legal proceedings against certain subsidiaries of the Company. For the years ended 30 June 2014 and 30 June 2013, the aggregate amount of claims was approximately HK\$29,000,000, a provision of HK\$21,000,000 has been made in the consolidated financial statements. For the year ended 30 June 2012, the contingent liabilities in respect of certain legal proceedings against certain subsidiaries of the Company was approximately HK\$21,000,000, and full provision had been made in the consolidated financial statements.

(VII) RECONCILIATION STATEMENT OF PEAK ROAD PROPERTY

Set out below is a statement of reconciliation between the values of the Peak Road Property as stated in the unaudited combined statement of financial position of the Disposal Target Group as at 31 May 2015 and the valuation report in Appendix II and III of this Circular respectively. The statement below was prepared in accordance with Rule 5.07 of the Listing Rules.

	<i>HK\$'000</i>
Net book value of the Peak Road Property as at 31 May 2015 (<i>Note 1</i>)	995,408
Adjustment:	
Adjustment of value of the Peak Road Property per valuation report as disclosed in Appendix III of this Circular (<i>Note 2</i>)	<u>829,592</u>
As adjusted	<u><u>1,825,000</u></u>

Notes:

1. The net book value of the Peak Road Property as at 31 May 2015 of approximately HK\$995,408,000 comprises of (i) investment properties of approximately HK\$285,000,000 and (ii) properties held for sale of approximately HK\$710,408,000 as per the unaudited combined statement of financial position of the Disposal Target Group as at 31 May 2015 in Appendix II to this Circular.

2. The properties held for sale in the unaudited combined statement of financial position of the Disposal Target Group as at 31 May 2015 was not subject to annual valuation. In accordance with the valuation report in Appendix III to this Circular, the value of the properties held for sale was approximately HK\$1,540,000,000 and the fair value change of properties held for sale of approximately HK\$829,592,000 was not recognised in the unaudited combined statement of financial position of the Disposal Target Group as at 31 May 2015.

(VIII) RECONCILIATION STATEMENT OF AXA PROPERTIES

As at the Latest Practicable Date, each of Acquisition Target Company 1 and Acquisition Target Company 2 does not have any operation since its incorporation on 6 February 2013 and 7 February 2013 respectively. The Acquisition Target Companies were incorporated for the purpose of holding the rights to acquire interests in the AXA Properties. The net book values of the AXA Properties are not reflected in the Accountants' Reports of the Acquisition Target Companies. As such, no reconciliation between the valuation of the AXA Properties in Appendix VI of this circular and Accountants' Reports of the Acquisition Target Companies can be made.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
PALADIN LEISURE LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Paladin Leisure Limited set out on pages 44 to 47 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income and statements of changes in equity for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Paladin Leisure Limited in accordance with Rule 14.68(2)(a) (i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Paladin Leisure Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Paladin Leisure Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

APPENDIX II

FINANCIAL INFORMATION OF THE DISPOSAL TARGET GROUP

Paladin Leisure Limited

Unaudited statements of profit or loss and other comprehensive income

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June		Six months ended		Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Administrative expenses	–	(4,680)	(4,680)	–	(5,070)
Loss and total comprehensive expense for the year/period	–	(4,680)	(4,680)	–	(5,070)

Unaudited statements of financial position

As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June		As at		As at
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current asset					
Investment in a subsidiary	1,570	1,570	1,570	1,570	1,570
Current liability					
Amounts due to group companies	139,692	144,372	149,052	149,052	154,122
Net current liabilities	(139,692)	(144,372)	(149,052)	(149,052)	(154,122)
Net liabilities	(138,122)	(142,802)	(147,482)	(147,482)	(152,552)
Capital and reserves					
Share capital	8	8	8	8	8
Accumulated losses	(138,130)	(142,810)	(147,490)	(147,490)	(152,560)
	(138,122)	(142,802)	(147,482)	(147,482)	(152,552)

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 31 July 2011 and 30 June 2012	8	(138,130)	(138,122)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(4,680)</u>	<u>(4,680)</u>
At 30 June 2013	8	(142,810)	(142,802)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(4,680)</u>	<u>(4,680)</u>
At 30 June 2014 and 31 December 2014	8	(147,490)	(147,482)
Loss and total comprehensive expense for the period	<u>–</u>	<u>(5,070)</u>	<u>(5,070)</u>
At 31 May 2015	<u><u>8</u></u>	<u><u>(152,560)</u></u>	<u><u>(152,552)</u></u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Paladin Leisure Limited is a private company incorporated in the British Virgin Islands (the “BVI”). Its immediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the BVI. Paladin Leisure Limited is an investment holding company.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Paladin Leisure Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

Paladin Leisure Limited, being the holding company of Petersham Limited, is a wholly owned subsidiary of the Company which has prepared consolidated financial statements that are available for public use and comply with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Paladin Leisure Limited is exempted for preparation of consolidated financial statements under HKFRS. The amounts included in the unaudited financial information of Paladin Leisure Limited have been recognized and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries. No statements of cash flows have been presented for the Relevant Periods as all transactions were settled through inter-company current account during the Relevant Periods.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Paladin Leisure Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
GAINBEST VENTURE LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Gainbest Venture Limited set out on pages 50 to 53 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income and statements of changes in equity for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Gainbest Venture Limited in accordance with Rule 14.68(2)(a) (i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Gainbest Venture Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Gainbest Venture Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

APPENDIX II**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

Gainbest Venture Limited**Unaudited statements of profit or loss and other comprehensive income**

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June		Six months ended	Eleven months ended
	2012	2013	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$
Administrative expenses	(7,847)	(5,850)	(7,098)	(9,594)
Loss and total comprehensive expense for the year/period	<u>(7,847)</u>	<u>(5,850)</u>	<u>(7,098)</u>	<u>(9,594)</u>

Unaudited statements of financial position

As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June		As at 31 December	As at 31 May
	2012	2013	2014	2015
	HK\$	HK\$	HK\$	HK\$
Non-current asset				
Investments in subsidiaries	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>
Current liability				
Amounts due to group companies	<u>50,280</u>	<u>56,130</u>	<u>63,228</u>	<u>72,822</u>
Net current liabilities	<u>(50,280)</u>	<u>(56,130)</u>	<u>(63,228)</u>	<u>(72,822)</u>
Net liabilities	<u>(50,269)</u>	<u>(56,119)</u>	<u>(63,217)</u>	<u>(72,811)</u>
Capital and reserves				
Share capital	8	8	8	8
Accumulated losses	<u>(50,277)</u>	<u>(56,127)</u>	<u>(63,225)</u>	<u>(72,819)</u>
	<u>(50,269)</u>	<u>(56,119)</u>	<u>(63,217)</u>	<u>(72,811)</u>

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 and 2014

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 31 July 2011	8	(42,430)	(42,422)
Loss and total comprehensive expense for the year	—	(7,847)	(7,847)
At 30 June 2012	8	(50,277)	(50,269)
Loss and total comprehensive expense for the year	—	(5,850)	(5,850)
At 30 June 2013	8	(56,127)	(56,119)
Loss and total comprehensive expense for the year	—	(7,098)	(7,098)
At 30 June 2014	8	(63,225)	(63,217)
Loss and total comprehensive expense for the period	—	(9,594)	(9,594)
At 31 May 2015	<u>8</u>	<u>(72,819)</u>	<u>(72,811)</u>
At 1 July 2014	8	(63,225)	(63,217)
Loss and total comprehensive expense for the period	—	(8,346)	(8,346)
At 31 December 2014	<u>8</u>	<u>(71,571)</u>	<u>(71,563)</u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Gainbest Venture Limited is a private company incorporated in the British Virgin Islands (the “BVI”). Its immediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the BVI. Gainbest Venture Limited is an investment holding company.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Gainbest Venture Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

Gainbest Venture Limited, being the holding company of Venus Fortune Limited, is a wholly owned subsidiary of the Company which has prepared consolidated financial statements that are available for public use and comply with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Gainbest Venture Limited is exempted for preparation of consolidated financial statements under HKFRS. The amounts included in the unaudited financial information of Gainbest Venture Limited have been recognized and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries. No statements of cash flows have been presented for the Relevant Periods as all transactions were settled through inter-company current account during the Relevant Periods.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Gainbest Venture Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
PERFECT PLACE LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Perfect Place Limited set out on pages 56 to 59 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income and statements of changes in equity and statements of cash flows for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Perfect Place Limited in accordance with Rule 14.68(2)(a) (i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Perfect Place Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Perfect Place Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

APPENDIX II

FINANCIAL INFORMATION OF THE DISPOSAL TARGET GROUP

Perfect Place Limited

Unaudited statements of profit or loss and other comprehensive income

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Administrative expenses	(21,848)	(6,849)	(5,850)	(8,346)	(9,594)
Loss and total comprehensive expense for the year/period	<u>(21,848)</u>	<u>(6,849)</u>	<u>(5,850)</u>	<u>(8,346)</u>	<u>(9,594)</u>

Unaudited statements of financial position

As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June			As at	As at
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current asset					
Investments in subsidiaries	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Current liabilities					
Other payables and accrued charges	15,000	1	1	1	1
Amounts due to group companies	<u>2,725,448</u>	<u>2,747,296</u>	<u>2,753,146</u>	<u>2,761,492</u>	<u>2,762,740</u>
	<u>2,740,448</u>	<u>2,747,297</u>	<u>2,753,147</u>	<u>2,761,493</u>	<u>2,762,741</u>
Net current liabilities	<u>(2,740,448)</u>	<u>(2,747,297)</u>	<u>(2,753,147)</u>	<u>(2,761,493)</u>	<u>(2,762,741)</u>
Net liabilities	<u>(2,740,447)</u>	<u>(2,747,296)</u>	<u>(2,753,146)</u>	<u>(2,761,492)</u>	<u>(2,762,740)</u>
Capital and reserves					
Share capital	8	8	8	8	8
Accumulated losses	<u>(2,740,455)</u>	<u>(2,747,304)</u>	<u>(2,753,154)</u>	<u>(2,761,500)</u>	<u>(2,762,748)</u>
	<u>(2,740,447)</u>	<u>(2,747,296)</u>	<u>(2,753,146)</u>	<u>(2,761,492)</u>	<u>(2,762,740)</u>

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 31 July 2011	8	(2,718,607)	(2,718,599)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(21,848)</u>	<u>(21,848)</u>
At 30 June 2012	8	(2,740,455)	(2,740,447)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(6,849)</u>	<u>(6,849)</u>
At 30 June 2013	8	(2,747,304)	(2,747,296)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(5,850)</u>	<u>(5,850)</u>
At 30 June 2014	8	(2,753,154)	(2,753,146)
Loss and total comprehensive expense for the period	<u>–</u>	<u>(9,594)</u>	<u>(9,594)</u>
At 31 May 2015	<u>8</u>	<u>(2,762,748)</u>	<u>(2,762,740)</u>
At 1 July 2014	8	(2,753,154)	(2,753,146)
Loss and total comprehensive expense for the period	<u>–</u>	<u>(8,346)</u>	<u>(8,346)</u>
At 31 December 2014	<u>8</u>	<u>(2,761,500)</u>	<u>(2,761,492)</u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Perfect Place Limited is a private company incorporated in the British Virgin Islands (the “BVI”). Its immediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the BVI. Perfect Place Limited is an investment holding company.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Perfect Place Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

Perfect Place Limited, being the holding company of World Modern International Limited and Wayguard Limited, is a wholly owned subsidiary of the Company which has prepared consolidated financial statements that are available for public use and comply with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Perfect Place Limited is exempted for preparation of consolidated financial statements under HKFRS. The amounts included in the unaudited financial information of Perfect Place Limited have been recognized and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries. No statements of cash flows have been presented for the Relevant Periods as all transactions were settled through inter-company current account during the Relevant Periods.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Perfect Place Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
BOWEN HILL LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Bowen Hill Limited set out on pages 62 to 65 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income and statements of changes in equity for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Bowen Hill Limited in accordance with Rule 14.68(2)(a) (i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Bowen Hill Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Bowen Hill Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

APPENDIX II

FINANCIAL INFORMATION OF THE DISPOSAL TARGET GROUP

Bowen Hill Limited

Unaudited statements of profit or loss and other comprehensive income

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Dividend income	-	-	-	-	928,140
Administrative expenses	(5,850)	(5,850)	(5,850)	(2,496)	(2,496)
(Loss) profit and total comprehensive (expense) income for the year/period	<u>(5,850)</u>	<u>(5,850)</u>	<u>(5,850)</u>	<u>(2,496)</u>	<u>925,644</u>

Unaudited statements of financial position

As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June			As at	As at
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current asset					
Available-for-sale investment	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Current asset					
Amount due from group company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>928,140</u>
Current liability					
Amounts due to group companies	<u>99,747</u>	<u>105,597</u>	<u>111,447</u>	<u>113,943</u>	<u>113,943</u>
Net current (liabilities) assets	<u>(99,747)</u>	<u>(105,597)</u>	<u>(111,447)</u>	<u>(113,943)</u>	<u>814,197</u>
Net (liabilities) assets	<u>(98,747)</u>	<u>(104,597)</u>	<u>(110,447)</u>	<u>(112,943)</u>	<u>815,197</u>
Capital and reserves					
Share capital	8	8	8	8	8
Accumulated (losses) profits	<u>(98,755)</u>	<u>(104,605)</u>	<u>(110,455)</u>	<u>(112,951)</u>	<u>815,189</u>
	<u>(98,747)</u>	<u>(104,597)</u>	<u>(110,447)</u>	<u>(112,943)</u>	<u>815,197</u>

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated (losses) profits HK\$	Total HK\$
At 31 July 2011	8	(92,905)	(92,897)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(5,850)</u>	<u>(5,850)</u>
At 30 June 2012	8	(98,755)	(98,747)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(5,850)</u>	<u>(5,850)</u>
At 30 June 2013	8	(104,605)	(104,597)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(5,850)</u>	<u>(5,850)</u>
At 30 June 2014	8	(110,455)	(110,447)
Profit and total comprehensive income for the period	<u>–</u>	<u>925,644</u>	<u>925,644</u>
At 31 May 2015	<u>8</u>	<u>815,189</u>	<u>815,197</u>
At 1 July 2014	8	(110,455)	(110,447)
Loss and total comprehensive expense for the period	<u>–</u>	<u>(2,496)</u>	<u>(2,496)</u>
At 31 December 2014	<u>8</u>	<u>(112,951)</u>	<u>(112,943)</u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Bowen Hill Limited is a private company incorporated in the British Virgin Islands (the “BVI”). Its immediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the BVI. Bowen Hill Limited is an investment holding company.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Bowen Hill Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the unaudited financial information of Bowen Hill Limited have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). No statements of cash flows have been presented for the Relevant Periods as all transactions were settled through inter-company current account during the Relevant Periods.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Bowen Hill Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
OASIS TRADE GLOBAL LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Oasis Trade Global Limited set out on pages 68 to 71 which comprises the unaudited statements of financial position as of 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income and statements of changes in equity for the period from 10 October 2014 (date of incorporation) to 31 December 2014 and the period from 10 October 2014 (date of incorporation) to 31 May 2015 (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Oasis Trade Global Limited in accordance with Rule 14.68(2)(a) (i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Oasis Trade Global Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Oasis Trade Global Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

Oasis Trade Global Limited**Unaudited statements of profit or loss and other comprehensive income**

For the periods from 10 October 2014 (date of incorporation) to 31 December 2014 and 31 May 2015

	For the period from 10 October 2014 (date of incorporation) to 31 December 2014 HK\$	For the period from 10 October 2014 (date of incorporation) to 31 May 2015 HK\$
Loss and total comprehensive expense for the period	—	(14,011)

Unaudited statements of financial position

As at 31 December 2014 and 31 May 2015

	As at 31 December 2014 HK\$	As at 31 May 2015 HK\$
Non-current asset		
Investment in a subsidiary	—	109
Current asset		
Amount due from immediate holding company	8	—
Current liability		
Amount due to a group company	—	14,112
Net current assets (liabilities)	<u>8</u>	<u>(14,112)</u>
Net assets (liabilities)	<u>8</u>	<u>(14,003)</u>
Capital and reserves		
Share capital	8	8
Accumulated loss	—	(14,011)
	<u>8</u>	<u>(14,003)</u>

Unaudited statements of change in equity

For the periods from 10 October 2014 (date of incorporation) to 31 December 2014 and 31 May 2015

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
Issued at 10 October 2014 (date of incorporation) and 31 December 2014	8	–	8
Loss and total comprehensive expense for the period	<u>–</u>	<u>(14,011)</u>	<u>(14,011)</u>
At 31 May 2015	<u><u>8</u></u>	<u><u>(14,011)</u></u>	<u><u>(14,003)</u></u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE PERIOD FROM
10 OCTOBER 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2014 AND 31
MAY 2015****1. General**

Oasis Trade Global Limited is a private company incorporated in the British Virgin Islands (the “BVI”). Its immediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the BVI. Oasis Trade Global Limited is an investment holding company.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Oasis Trade Global Limited for the period from 10 October 2014 (date of incorporation) to 31 December 2014 and for the period for 10 October 2014 (date of incorporation) to 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

Oasis Trade Global Limited, being the holding company of Alpard Limited, is a wholly owned subsidiary of the Company which has prepared consolidated financial statements that are available for public use and comply with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Oasis Trade Global Limited is exempted for preparation of consolidated financial statements under HKFRS. The amounts included in the unaudited financial information of Oasis Trade Global Limited have been recognized and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries. No statements of cash flows have been presented for the Relevant Periods as all transactions were settled through inter-company current account during the Relevant Periods.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Oasis Trade Global Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
ALPARD LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Alpard Limited set out on pages 74 to 79 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Alpard Limited in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Alpard Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Alpard Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

Alpard Limited**Unaudited statements of profit or loss and other comprehensive income**

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	1,276,000	76,320,000	330,000	40,704	88,000
Cost of sales	–	(56,300,000)	–	–	–
Gross profit	1,276,000	20,020,000	330,000	40,704	88,000
Other income	447,572	232,369	60,984	–	700,232
Distribution costs	–	(1,549,030)	–	–	–
Administrative expenses	(2,406,388)	(2,325,255)	(1,520,053)	(592,116)	(1,069,607)
Fair value change of investment properties	(6,000,000)	6,000,000	(4,360,000)	6,500,000	41,360,000
Finance costs	(2,374,805)	(2,423,609)	(2,258,356)	(1,018,708)	(1,687,687)
Reversal of impairment loss in respect of amounts due from group companies	1,706,478	–	9,499,701	–	–
Reversal of impairment loss on properties held for sale	3,300,000	–	–	–	–
(Loss) profit and total comprehensive (expense) income for the year/period	<u>(4,051,143)</u>	<u>19,954,475</u>	<u>1,752,276</u>	<u>4,929,880</u>	<u>39,390,938</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of financial position
As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June		As at 31 December		As at
	2012	2013	2014	2014	31 May
	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current assets					
Investment properties	242,000,000	248,000,000	243,640,000	250,140,000	285,000,000
Property, plant and equipment	118,991	9,153	–	–	–
	<u>242,118,991</u>	<u>248,009,153</u>	<u>243,640,000</u>	<u>250,140,000</u>	<u>285,000,000</u>
Current assets					
Properties held for sale	121,300,000	65,000,000	65,000,000	65,000,000	65,000,000
Other receivables	10,577,360	2,640,798	2,656,484	83,486	101,271
Amount due from immediate holding company	5,850	5,850	–	2,590,498	2,590,498
Amounts due from fellow subsidiaries	4,151,902	44,215,090	–	–	–
Bank balances	1,653,193	4,902,293	1,553,078	301,206	592,600
	<u>137,688,305</u>	<u>116,764,031</u>	<u>69,209,562</u>	<u>67,975,190</u>	<u>68,284,369</u>
Current liabilities					
Other payables and accrued charges	8,140,103	399,873	218,702	97,717	30,670
Amount due to ultimate holding company	9,453,078	26,140,665	124,853,327	127,135,684	130,864,312
Amounts due to fellow subsidiaries	181,480,349	172,543,992	27,240,958	28,920,591	28,920,591
Secured bank borrowings	139,923,600	104,924,013	98,019,658	94,514,401	91,560,941
	<u>338,997,130</u>	<u>304,008,543</u>	<u>250,332,645</u>	<u>250,668,393</u>	<u>251,376,514</u>
Net current liabilities	<u>(201,308,825)</u>	<u>(187,244,512)</u>	<u>(181,123,083)</u>	<u>(182,693,203)</u>	<u>(183,092,145)</u>
Net assets	<u>40,810,166</u>	<u>60,764,641</u>	<u>62,516,917</u>	<u>67,446,797</u>	<u>101,907,855</u>
Capital and reserves					
Share capital	10	10	10	10	10
Accumulated profits	40,810,156	60,764,631	62,516,907	67,446,787	101,907,845
	<u>40,810,166</u>	<u>60,764,641</u>	<u>62,516,917</u>	<u>67,446,797</u>	<u>101,907,855</u>

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated profits HK\$	Total HK\$
At 31 July 2011	10	44,861,299	44,861,309
Loss and total comprehensive expense for the year	—	(4,051,143)	(4,051,143)
At 30 June 2012	10	40,810,156	40,810,166
Profit and total comprehensive income for the year	—	19,954,475	19,954,475
At 30 June 2013	10	60,764,631	60,764,641
Profit and total comprehensive income for the year	—	1,752,276	1,752,276
At 30 June 2014	10	62,516,907	62,516,917
Profit and total comprehensive income for the period	—	39,390,938	39,390,938
At 31 May 2015	<u>10</u>	<u>101,907,845</u>	<u>101,907,855</u>
At 1 July 2014	10	62,516,907	62,516,917
Profit and total comprehensive income for the period	—	4,929,880	4,929,880
At 31 December 2014	<u>10</u>	<u>67,446,787</u>	<u>67,446,797</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of cash flows

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June		Six months ended		Eleven months
	2012	2013	2014	31 December 2014	ended 31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Operating activities					
(Loss) profit for the year/period	(4,051,143)	19,954,475	1,752,276	4,929,880	39,390,938
Adjustments for:					
Depreciation of property, plant and equipment	109,837	109,838	9,153	–	–
Interest expenses	2,374,805	2,423,609	2,258,356	1,018,708	1,687,687
Interest income	(551)	(11,369)	(984)	(204)	(700,232)
Fair value change of investment properties	6,000,000	(6,000,000)	4,360,000	(6,500,000)	(41,360,000)
Reversal of impairment loss on properties held for sale	(3,300,000)	–	–	–	–
Reversal of impairment loss in respect of amounts due from group companies	(1,706,478)	–	(9,499,701)	–	–
Operating cash flows before movement in working capital	(573,530)	16,476,553	(1,120,900)	(551,616)	(981,607)
Decrease in properties held for sale	–	56,300,000	–	–	–
(Increase) decrease in other receivables	(3,086,650)	7,936,562	(15,686)	2,572,998	2,555,213
Increase (decrease) in other payables and accrued charges	6,894,653	(7,740,230)	(181,171)	(120,985)	(188,032)
Net cash from (used in) operating activities	3,234,473	72,972,885	(1,317,757)	1,900,397	1,385,574
Investing activities					
Interest received	551	11,369	984	204	700,232
(Advance to) repayment from fellow subsidiaries	(2,799,999)	(40,063,188)	53,707,129	–	–
Repayment from (advance to) immediate holding company	–	–	13,512	(2,590,498)	(2,590,498)
Net cash (used in) from investing activities	(2,799,448)	(40,051,819)	53,721,625	(2,590,294)	(1,890,266)
Financing activities					
Advance from (repayment to) ultimate holding company	11,159,556	–	–	2,282,357	6,010,985
Advance from an intermediate holding company	–	16,687,587	98,712,662	–	–
(Repayment to) advance from fellow subsidiaries	(729,094)	(8,936,357)	(145,303,034)	1,679,633	1,679,633
Repayment of bank borrowings	(7,172,772)	(34,999,587)	(6,904,355)	(3,505,257)	(6,458,717)
Interest paid	(2,374,805)	(2,423,609)	(2,258,356)	(1,018,708)	(1,687,687)
Net cash from (used in) financing activities	882,885	(29,671,966)	(55,753,083)	(561,975)	(455,786)
Net increase (decrease) in cash and cash equivalents	1,317,910	3,249,100	(3,349,215)	(1,251,872)	(960,478)
Cash and cash equivalents at beginning of the year/period	335,283	1,653,193	4,902,293	1,553,078	1,553,078
Cash and cash equivalents at end of the year/period, representing bank balances	1,653,193	4,902,293	1,553,078	301,206	592,600

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Alpard Limited is a private limited company incorporated in Hong Kong. Its intermediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the British Virgins Islands. Alpard Limited is engaged in property holding and property investment.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Alpard Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the unaudited financial information of Alpard Limited have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Alpard Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
VENUS FORTUNE LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Venus Fortune Limited set out on pages 82 to 87 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Venus Fortune Limited in accordance with Rule 14.68(2)(a) (i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Venus Fortune Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Venus Fortune Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

Venus Fortune Limited**Unaudited statements of profit or loss and other comprehensive income**

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June		Six months ended	Eleven months ended	
	2012	2013	31 December	31 May	
	HK\$	HK\$	2014	2015	
Other income	3,488	1,183	272	68	93
Administrative expenses	(2,205,784)	(1,530,342)	(1,572,154)	(558,355)	(1,613,804)
Finance costs	(4,236,173)	(4,057,450)	(4,550,038)	(2,585,755)	(4,020,666)
Reversal of impairment loss in respect of amounts due from group companies	10,218,868	855	89,574,812	-	-
Reversal of impairment loss on properties held for sale	16,000,000	-	-	-	-
Profit (loss) and total comprehensive income (expense) for the year/period	<u>19,780,399</u>	<u>(5,585,754)</u>	<u>83,452,892</u>	<u>(3,144,042)</u>	<u>(5,634,377)</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of financial position
As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June		As at 31 December		As at 31 May
	2012	2013	2014	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Current assets					
Properties held for sale	355,000,000	355,000,000	355,000,000	355,000,000	355,000,000
Other receivables	53,400	53,400	33,400	33,400	59,033
Amounts due from fellow subsidiaries	–	–	–	27,556,313	27,556,208
Bank balances and cash	36,433,323	51,861,738	10,820,129	1,230,347	726,849
	<u>391,486,723</u>	<u>406,915,138</u>	<u>365,853,529</u>	<u>383,820,060</u>	<u>383,342,090</u>
Current liabilities					
Accrued charges	271,172	251,958	356,391	217,610	–
Amount due to ultimate holding company	13,409,492	–	–	–	30,000
Amount due to an intermediate holding company	–	23,435,111	229,101,521	235,164,414	241,509,746
Amounts due to fellow subsidiaries	301,845,290	301,845,290	730,000	730,105	730,000
Bank overdrafts	46,675	19,999,000	–	19,833,887	19,591,642
Secured bank borrowings	203,658,693	194,714,132	185,543,078	180,895,547	176,992,540
	<u>519,231,322</u>	<u>540,245,491</u>	<u>415,730,990</u>	<u>436,841,563</u>	<u>438,853,928</u>
Net current liabilities	<u>(127,744,599)</u>	<u>(133,330,353)</u>	<u>(49,877,461)</u>	<u>(53,021,503)</u>	<u>(55,511,838)</u>
Net liabilities	<u>(127,744,599)</u>	<u>(133,330,353)</u>	<u>(49,877,461)</u>	<u>(53,021,503)</u>	<u>(55,511,838)</u>
Capital and reserves					
Share capital	1	1	1	1	1
Accumulated losses	(127,744,600)	(133,330,354)	(49,877,462)	(53,021,504)	(55,511,839)
	<u>(127,744,599)</u>	<u>(133,330,353)</u>	<u>(49,877,461)</u>	<u>(53,021,503)</u>	<u>(55,511,838)</u>

APPENDIX II**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 31 July 2011	1	(147,524,999)	(147,524,998)
Profit and total comprehensive income for the year	–	<u>19,780,399</u>	<u>19,780,399</u>
At 30 June 2012	1	(127,744,600)	(127,744,599)
Loss and total comprehensive expense for the year	–	<u>(5,585,754)</u>	<u>(5,585,754)</u>
At 30 June 2013	1	(133,330,354)	(133,330,353)
Profit and total comprehensive income for the year	–	<u>83,452,892</u>	<u>83,452,892</u>
At 30 June 2014	1	(49,877,462)	(49,877,461)
Loss and total comprehensive expense for the period	–	<u>(5,634,377)</u>	<u>(5,634,377)</u>
At 31 May 2015	<u>1</u>	<u>(55,511,839)</u>	<u>(55,511,838)</u>
At 1 July 2014	1	(49,877,462)	(49,877,461)
Loss and total comprehensive expense for the period	–	<u>(3,144,042)</u>	<u>(3,144,042)</u>
At 31 December 2014	<u>1</u>	<u>(53,021,504)</u>	<u>(53,021,503)</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statement of cash flows

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended 31 December	Eleven months ended 31 May
	2012	2013	2014	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Operating activities					
Profit (loss) for the year/period	19,780,399	(5,585,754)	83,452,892	(3,144,042)	(5,634,377)
Adjustments for:					
Interest expenses	4,236,173	4,057,450	4,550,038	2,585,755	4,020,666
Interest income	(3,488)	(1,183)	(272)	(68)	(93)
Reversal of impairment loss on properties held for sale	(16,000,000)	-	-	-	-
Reversal of impairment loss in respect of amounts due from group companies	(10,218,868)	(855)	(89,574,812)	-	-
Operating cash flows before movement in working capital	(2,205,784)	(1,530,342)	(1,572,154)	(588,355)	(1,613,804)
(Increase) decrease in other receivables	2,180,600	-	20,000	-	(25,633)
Increase (decrease) in accrued charges	110,204	(19,214)	104,433	(138,781)	(356,391)
Net cash from (used in) operating activities	85,020	(1,549,556)	(1,447,721)	(697,136)	(1,995,828)
Investing activities					
Interest received	3,488	1,183	272	68	93
Repayment from (advance to) fellow subsidiaries	25,878,868	855	89,574,812	(27,556,313)	(27,556,208)
Decrease in pledged bank deposits	11,184,968	-	-	-	-
Net cash from (used in) investing activities	37,067,324	2,038	89,575,084	(27,556,245)	(27,556,115)
Financing activities					
Bank borrowing raised	130,000,000	-	-	-	-
Increase in amount due to ultimate holding company	10,547,586	-	-	-	30,000
Advance from an intermediate holding company	-	10,025,619	205,666,410	6,062,893	12,408,225
Repayment to fellow subsidiaries	(3,000,000)	-	(301,115,290)	105	-
Repayment of bank borrowings	(109,190,792)	(8,944,561)	(9,171,054)	(4,647,531)	(8,550,538)
Interest paid	(4,236,173)	(4,057,450)	(4,550,038)	(2,585,755)	(4,020,666)
Net cash from (used in) financing activities	24,120,621	(2,976,392)	(109,169,972)	(1,170,288)	(132,979)
Net increase (decrease) in cash and cash equivalents	61,272,965	(4,523,910)	(21,042,609)	(29,423,669)	(29,684,922)
Cash and cash equivalents at beginning of the year/period	(24,886,317)	36,386,648	31,862,738	10,820,129	10,820,129
Cash and cash equivalents at end of the year/period	36,386,648	31,862,738	10,820,129	(18,603,540)	(18,864,793)
Analysis of the balances of cash and cash equivalents					
Bank balances and cash	36,433,323	51,861,738	10,820,129	1,230,347	726,849
Bank overdrafts	(46,675)	(19,999,000)	-	(19,833,887)	(19,591,642)
	36,386,648	31,862,738	10,820,129	(18,603,540)	(18,864,793)

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Venus Fortune Limited is a private limited company incorporated in Hong Kong. Its intermediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the British Virgins Islands. Venus Fortune Limited is engaged in property investments.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Venus Fortune Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the unaudited financial information of Venus Fortune Limited have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Venus Fortune Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
WAYGUARD LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Wayguard Limited set out on pages 90 to 95 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Wayguard Limited in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Wayguard Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Wayguard Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Wayguard Limited
Unaudited statements of profit or loss and other comprehensive income

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Other income	4,639,760	3,029,191	3,417,555	1,587,651	2,437,915
Administrative expenses	(1,757,415)	(7,503,751)	(5,588,436)	(1,401,592)	(2,540,173)
Finance costs	(2,468,957)	(2,452,320)	(2,535,482)	(1,286,066)	(2,238,349)
Reversal of impairment loss in respect of amounts due from group companies	-	-	2,862,502	-	-
Reversal of impairment loss on properties held for sale	9,500,000	-	-	-	-
Profit (loss) and total comprehensive income (expense) for the year/period	<u>9,913,388</u>	<u>(6,926,880)</u>	<u>(1,843,861)</u>	<u>(1,100,007)</u>	<u>(2,340,607)</u>

Unaudited statements of financial position

As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June			As at	As at
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current asset					
Property, plant and equipment	<u>-</u>	<u>490,982</u>	<u>413,965</u>	<u>413,965</u>	<u>343,366</u>
Current assets					
Properties held for sale	449,500,000	449,500,000	449,500,000	449,500,000	449,500,000
Trade and other receivables	3,842,251	106,750	110,150	102,151	158,568
Amount due from a director	3,804,401	-	-	-	-
Amounts due from fellow subsidiaries	292,732	292,732	-	-	-
Bank balances and cash	<u>6,164,195</u>	<u>9,612,033</u>	<u>2,924,820</u>	<u>1,696,621</u>	<u>2,567,328</u>
	<u>463,603,579</u>	<u>459,511,515</u>	<u>452,534,970</u>	<u>451,298,772</u>	<u>452,225,896</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

	As at 30 June		As at 31 December		As at
	2012	2013	2014	2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Current liabilities					
Other payables and accrued charges	947,231	1,233,472	1,283,380	1,882,815	1,770,008
Amount due to ultimate holding company	17,802,494	-	-	-	-
Amount due to an intermediate holding company	-	32,237,348	298,891,709	302,642,723	309,345,122
Amounts due to fellow subsidiaries	267,758,532	266,991,222	5,740,115	6,605,832	6,605,832
Secured bank borrowings	<u>206,582,850</u>	<u>195,954,863</u>	<u>185,292,000</u>	<u>179,939,643</u>	<u>175,447,176</u>
	<u>493,091,107</u>	<u>496,416,905</u>	<u>491,207,204</u>	<u>491,071,013</u>	<u>493,168,138</u>
Net current liabilities	<u>(29,487,528)</u>	<u>(36,905,390)</u>	<u>(38,672,234)</u>	<u>(39,772,241)</u>	<u>(40,942,242)</u>
Net liabilities	<u>(29,487,528)</u>	<u>(36,414,408)</u>	<u>(38,258,269)</u>	<u>(39,358,276)</u>	<u>(40,598,876)</u>
Capital and reserves					
Share capital	10	10	10	10	10
Accumulated losses	<u>(29,487,538)</u>	<u>(36,414,418)</u>	<u>(38,258,279)</u>	<u>(39,358,286)</u>	<u>(40,598,886)</u>
	<u>(29,487,528)</u>	<u>(36,414,408)</u>	<u>(38,258,269)</u>	<u>(39,358,276)</u>	<u>(40,598,876)</u>

APPENDIX II**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 31 July 2011	10	(39,400,926)	(39,400,916)
Profit and total comprehensive income for the year	–	9,913,388	9,913,388
At 30 June 2012	10	(29,487,538)	(29,487,528)
Loss and total comprehensive expense for the year	–	(6,926,880)	(6,926,880)
At 30 June 2013	10	(36,414,418)	(36,414,408)
Loss and total comprehensive expense for the year	–	(1,843,861)	(1,843,861)
At 30 June 2014	10	(38,258,279)	(38,258,269)
Loss and total comprehensive expense for the period	–	(2,340,607)	(2,340,607)
At 31 May 2015	<u>10</u>	<u>(40,598,886)</u>	<u>(40,598,876)</u>
At 1 July 2014	10	(38,258,279)	(38,258,269)
Loss and total comprehensive expense for the period	–	(1,100,007)	(1,100,007)
At 31 December 2014	<u>10</u>	<u>(39,358,286)</u>	<u>(39,358,276)</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of cash flows

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Operating activities					
Profit (loss) for the year/period	9,913,388	(6,926,880)	(1,843,861)	(1,100,007)	(2,340,607)
Adjustments for:					
Depreciation of property, plant and equipment	–	22,463	77,017	–	70,599
Interest expenses	2,468,957	2,452,320	2,535,482	1,286,066	2,238,349
Interest income	(3,736)	(7,925)	(2,453)	(528)	(792)
Reversal of impairment loss on properties held for sale	(9,500,000)	–	–	–	–
Reversal of impairment loss in respect of amounts due from group companies	–	–	(2,862,502)	–	–
Operating cash flows before movement in working capital	2,878,609	(4,460,022)	(2,096,317)	185,531	(32,451)
Decrease (increase) in trade and other receivables	3,777,002	3,735,501	(3,400)	7,999	(48,418)
Decrease in bill payable	(6,958,575)	–	–	–	–
Increase in other payables and accrued charges	16,899	286,241	49,908	599,435	486,628
Net cash (used in) from operating activities	(286,065)	(438,280)	(2,049,809)	792,965	405,759
Investing activities					
Interest received	3,736	7,925	2,453	528	792
Repayment from fellow subsidiaries	75,204	–	3,155,234	–	–
Repayment from ultimate holding company	2,494,096	–	–	–	–
Purchase of property, plant and equipment	–	(513,445)	–	–	–
(Increase) decrease in amount due from a director	(3,804,401)	3,804,401	–	–	–
Net cash (used in) from investing activities	(1,231,365)	3,298,881	3,157,687	528	792
Financing activities					
Advance from ultimate holding company	17,802,494	14,434,854	266,654,361	3,751,014	10,453,413
Advance from (repayment to) fellow subsidiaries	1,706	(767,310)	(261,251,107)	865,717	865,717
Repayment of bank borrowings	(10,559,935)	(10,627,987)	(10,662,863)	(5,352,357)	(9,844,824)
Interest paid	(2,468,957)	(2,452,320)	(2,535,482)	(1,286,066)	(2,238,349)
Net cash from (used in) financing activities	4,775,308	587,237	(7,795,091)	(2,021,692)	(764,043)
Net increase (decrease) in cash and cash equivalents	3,257,878	3,447,838	(6,687,213)	(1,228,199)	(357,492)
Cash and cash equivalents at beginning of the year/period	2,906,317	6,164,195	9,612,033	2,924,820	2,924,820
Cash and cash equivalents at end of the year/period, representing bank balances and cash	6,164,195	9,612,033	2,924,820	1,696,621	2,567,328

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Wayguard Limited is a private limited company incorporated in Hong Kong. Its intermediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the British Virgins Islands. Wayguard Limited is engaged in property holding.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Wayguard Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the unaudited financial information of Wayguard Limited have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Wayguard Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
WORLD MODERN INTERNATIONAL LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of World Modern International Limited set out on pages 98 to 103 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including World Modern International Limited set in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of World Modern International Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of World Modern International Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

World Modern International Limited**Unaudited statements of profit or loss and other comprehensive income**

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June		Six months ended	Eleven months ended
	2012	2013	31 December	31 May
	HK\$	HK\$	2014	2015
Turnover	–	86,500,000	–	–
Cost of sales	–	(62,100,000)	–	–
Gross profit	–	24,400,000	–	–
Other income	7,163,833	3,937,230	1,902,421	5,441
Distribution costs	–	(1,765,310)	–	–
Administrative expenses	(9,938,965)	(9,168,208)	(10,689,502)	(7,061,511)
Finance costs	(7,313,930)	(5,826,610)	(5,227,039)	(3,389,282)
Reversal of impairment loss in respect of amounts due from group companies	–	–	53,377,294	–
Reversal of impairment loss on properties held for sale	19,800,000	–	–	–
Profit (loss) and total comprehensive income (expense) for the year/period	9,710,938	11,577,102	39,363,174	(10,445,352)
				(15,352,397)

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of financial position
As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June		As at 31 December		As at
	2012	2013	2014	2014	31 May
	HK\$	HK\$	HK\$	HK\$	2015
					HK\$
Non-current assets					
Property, plant and equipment	825,000	600,000	375,000	375,000	168,750
Deposit placed for a life insurance policy	21,028,592	20,941,530	20,908,819	20,802,519	20,802,519
Pledged bank deposits	50,366,439	50,565,064	50,575,012	50,580,388	50,584,518
	<u>72,220,031</u>	<u>72,106,594</u>	<u>71,858,831</u>	<u>71,757,907</u>	<u>71,555,787</u>
Current assets					
Properties held for sale	692,700,000	630,600,000	630,600,000	630,600,000	630,600,000
Other receivables and deposits	1,955,343	1,404,545	2,314,622	2,524,223	3,167,808
Amount due from intermediate holding company	443,820	453,526	–	–	–
Amounts due from fellow subsidiaries	29,813,253	62,986,840	–	34,111	1,249,058
Bank balances	7,727,523	6,425,616	2,418,599	1,912,141	2,000,001
	<u>732,639,939</u>	<u>701,870,527</u>	<u>635,333,221</u>	<u>635,070,475</u>	<u>637,016,867</u>
Current liabilities					
Other payables and accrued charges	2,247,066	593,564	339,468	310,320	173,287
Amount due to ultimate holding company	4,035,025	–	–	–	–
Amount due to an intermediate holding company	–	61,791,659	426,358,526	423,518,753	439,523,022
Amounts due to fellow subsidiaries	516,751,616	495,622,617	7,540,513	28,966,670	28,966,670
Bank overdrafts	25,025,595	–	37,350,696	38,832,219	38,018,823
Secured bank borrowings	351,723,723	299,315,234	279,585,628	269,628,551	261,226,028
	<u>899,783,025</u>	<u>857,323,074</u>	<u>751,174,831</u>	<u>761,256,513</u>	<u>767,907,830</u>
Net current liabilities	<u>(167,143,086)</u>	<u>(155,452,547)</u>	<u>(115,841,610)</u>	<u>(126,186,038)</u>	<u>(130,890,963)</u>
Net liabilities	<u>(94,923,055)</u>	<u>(83,345,953)</u>	<u>(43,982,779)</u>	<u>(54,428,131)</u>	<u>(59,335,176)</u>
Capital and reserves					
Share capital	1	1	1	1	1
Accumulated losses	(94,923,056)	(83,345,954)	(43,982,780)	(54,428,132)	(59,335,177)
	<u>(94,923,055)</u>	<u>(83,345,953)</u>	<u>(43,982,779)</u>	<u>(54,428,131)</u>	<u>(59,335,176)</u>

APPENDIX II**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP****Unaudited statements of change in equity**

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 31 July 2011	1	(104,633,994)	(104,633,993)
Profit and total comprehensive income for the year	–	9,710,938	9,710,938
At 30 June 2012	1	(94,923,056)	(94,923,055)
Profit and total comprehensive income for the year	–	11,577,102	11,577,102
At 30 June 2013	1	(83,345,954)	(83,345,953)
Profit and total comprehensive income for the year	–	39,363,174	39,363,174
At 30 June 2014	1	(43,982,780)	(43,982,779)
Loss and total comprehensive expense for the period	–	(15,352,397)	(15,352,397)
At 31 May 2015	1	(59,335,177)	(59,335,176)
At 1 July 2014	1	(43,982,780)	(43,982,779)
Loss and total comprehensive expense for the period	–	(10,445,352)	(10,445,352)
At 31 December 2014	1	(54,428,132)	(54,428,131)

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of cash flows

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December	31 May
	HK\$	HK\$	HK\$	2014	2015
				HK\$	HK\$
Operating activities					
Profit (loss) for the year/period	9,710,938	11,577,102	39,363,174	(10,445,352)	(15,352,397)
Adjustments for:					
Depreciation of property, plant and equipment	225,000	225,000	225,000	–	206,250
Interest expenses	7,313,930	5,826,610	5,227,039	3,389,282	5,713,015
Interest income	(595,692)	(987,870)	(851,412)	(5,441)	(9,600)
Premium charged on a life insurance policy	293,297	878,436	873,942	106,300	106,300
Reversal of impairment loss on properties held for sale	(19,800,000)	–	–	–	–
Reversal of impairment loss in respect of amounts due from group companies	–	–	(53,377,294)	–	–
Operating cash flows before movement in working capital	(2,852,527)	17,519,278	(8,539,551)	(6,955,211)	(9,336,432)
Decrease in properties held for sale	–	62,100,000	–	–	–
Decrease (increase) in other receivables	1,004,424	548,552	(910,077)	(209,601)	(853,186)
(Increase) decrease in other payables and accrued charges	(203,931)	(1,653,502)	(254,096)	(29,148)	(166,181)
Net cash (used in) from operating activities	(2,052,034)	78,514,328	(9,703,724)	(7,193,960)	(10,355,799)
Investing activities					
Interest received	282,939	198,742	10,181	5,441	9,600
(Increase) decrease in amounts due from fellow subsidiaries	(29,783,253)	(33,173,587)	114,567,652	(34,111)	(1,249,058)
Payment of deposit placed for a life insurance policy	(21,887,572)	–	–	–	–
Placement of pledged bank deposits	(280,880)	(198,625)	(9,948)	(5,376)	(9,506)
Repayment to ultimate holding company	(15,187,842)	–	–	–	–
(Increase) decrease in amount due from an intermediate holding company	(1,300)	(9,706)	2,239,087	–	–
Decrease in amount due from immediate holding company	–	–	10,921	–	–
Net cash (used in) from investing activities	(66,857,908)	(33,183,176)	116,817,893	(34,046)	(1,248,964)
Financing activities					
Advance from (repayment to) an intermediate holding company	–	57,756,634	364,566,867	(2,839,773)	13,164,496
Bank borrowing raised	125,319,200	–	–	–	–
(Repayment to) advance from fellow subsidiaries	(19,981,823)	(21,128,999)	(488,082,104)	21,426,157	21,426,157
Repayment of bank borrowings	(18,495,961)	(52,408,489)	(19,729,606)	(9,957,077)	(18,359,600)
Interest paid	(7,313,930)	(5,826,610)	(5,227,039)	(3,389,282)	(5,713,015)
Net cash from (used in) financing activities	79,527,486	(21,607,464)	(148,471,882)	5,240,025	10,518,038
Net increase (decrease) in cash and cash equivalents	10,617,544	23,723,688	(41,357,713)	(1,987,981)	(1,086,725)
Cash and cash equivalents at beginning of the year/period	(27,915,616)	(17,298,072)	6,425,616	(34,932,097)	(34,932,097)
Cash and cash equivalents at end of the year/period	(17,298,072)	6,425,616	(34,932,097)	(36,920,078)	(36,018,822)
Analysis of the balances of cash and cash equivalents					
Bank balances	7,727,523	6,425,616	2,418,599	1,912,141	2,000,001
Bank overdrafts	(25,025,595)	–	(37,350,696)	(38,832,219)	(38,018,823)
	<u>(17,298,072)</u>	<u>6,425,616</u>	<u>(34,932,097)</u>	<u>(36,920,078)</u>	<u>(36,018,822)</u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

World Modern International Limited is a private limited company incorporated in Hong Kong. Its intermediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the British Virgins Islands. World Modern International Limited is engaged in property holding and property investment.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of World Modern International Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the unaudited financial information of World Modern International Limited have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable World Modern International Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
PETERSHAM LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Petersham Limited set out on pages 106 to 110 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Petersham Limited in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Petersham Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Petersham Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

APPENDIX II

**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

Petersham Limited

Unaudited statements of profit or loss and other comprehensive income

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Other income	473,924	383,896	445,748	223,855	223,855
Administrative expenses	(528,351)	(613,013)	(627,986)	(343,432)	(709,193)
Reversal of impairment loss in respect of amounts due from group companies	–	–	1,998	–	–
Loss and total comprehensive expense for the year/period	<u>(54,427)</u>	<u>(229,117)</u>	<u>(180,240)</u>	<u>(119,577)</u>	<u>(485,338)</u>

Unaudited statements of financial position

As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June			As at	As at
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current assets					
Available-for-sale investment	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Property, plant and equipment	<u>354,621</u>	<u>283,697</u>	<u>212,773</u>	<u>212,773</u>	<u>147,213</u>
	<u>1,404,621</u>	<u>1,333,697</u>	<u>1,262,773</u>	<u>1,262,773</u>	<u>1,197,213</u>
Current assets					
Other receivables, deposits and prepayments	4,180,573	4,557,144	5,000,519	5,227,374	5,227,374
Bank balances	<u>29,774</u>	<u>29,375</u>	<u>31,348</u>	<u>7,900</u>	<u>7,900</u>
	<u>4,210,347</u>	<u>4,586,519</u>	<u>5,031,867</u>	<u>5,235,274</u>	<u>5,235,274</u>
Current liabilities					
Accrued charges	50,000	50,000	50,000	–	55
Amount due to ultimate holding company	10,060,725	–	–	–	–
Amount due to an intermediate holding company	–	10,594,985	17,270,103	17,923,559	18,223,705
Amounts due to fellow subsidiaries	<u>6,543,701</u>	<u>6,543,806</u>	<u>423,352</u>	<u>142,880</u>	<u>142,880</u>
	<u>16,654,426</u>	<u>17,188,791</u>	<u>17,743,455</u>	<u>18,066,439</u>	<u>18,366,640</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

	As at 30 June		As at 31 December	As at 31 May
	2012	2013	2014	2015
	HK\$	HK\$	HK\$	HK\$
Net current liabilities	<u>(12,444,079)</u>	<u>(12,602,272)</u>	<u>(12,711,588)</u>	<u>(13,131,366)</u>
Net liabilities	<u>(11,039,458)</u>	<u>(11,268,575)</u>	<u>(11,448,815)</u>	<u>(11,934,153)</u>
Capital and reserves				
Share capital	2	2	2	2
Accumulated losses	<u>(11,039,460)</u>	<u>(11,268,577)</u>	<u>(11,448,817)</u>	<u>(11,934,155)</u>
	<u>(11,039,458)</u>	<u>(11,268,575)</u>	<u>(11,448,815)</u>	<u>(11,934,153)</u>

Unaudited statements of change in equity

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 31 July 2011	2	(10,985,033)	(10,985,031)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(54,427)</u>	<u>(54,427)</u>
At 30 June 2012	2	(11,039,460)	(11,039,458)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(229,117)</u>	<u>(229,117)</u>
At 30 June 2013	2	(11,268,577)	(11,268,575)
Loss and total comprehensive expense for the year	<u>–</u>	<u>(180,240)</u>	<u>(180,240)</u>
At 30 June 2014	2	(11,448,817)	(11,448,815)
Loss and total comprehensive expense for the period	<u>–</u>	<u>(485,338)</u>	<u>(485,338)</u>
At 31 May 2015	<u>2</u>	<u>(11,934,155)</u>	<u>(11,934,153)</u>
At 1 July 2014	2	(11,448,817)	(11,448,815)
Loss and total comprehensive expense for the period	<u>–</u>	<u>(119,577)</u>	<u>(119,577)</u>
At 31 December 2014	<u>2</u>	<u>(11,568,394)</u>	<u>(11,568,392)</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of cash flows

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Operating activities					
Loss for the year/period	(54,427)	(229,117)	(180,240)	(119,577)	(485,338)
Adjustments for:					
Depreciation of property, plant and equipment	47,680	70,924	70,924	–	65,560
Reversal of impairment loss in respect of amounts due from group companies	–	–	(1,998)	–	–
Operating cash flows before movement in working capital	(6,747)	(158,193)	(111,314)	(119,577)	(419,778)
Increase in other receivables, deposits and prepayments	(475,924)	(376,571)	(443,375)	(226,855)	(226,855)
Decrease in other payables and accrued charges	–	–	–	(50,000)	(49,945)
Net cash used in operating activities	(482,671)	(534,764)	(554,689)	(396,432)	(696,578)
Net cash from investing activity					
Repayment from fellow subsidiaries	–	–	1,998	–	–
Financing activities					
Advance from ultimate holding company	480,171	–	–	–	–
Advance from an intermediate holding company	–	534,260	6,675,118	653,456	953,602
Advance from (repayment to) fellow subsidiaries	2,000	105	(6,120,454)	(280,472)	(280,472)
Net cash from financing activities	482,171	534,365	554,664	372,984	673,130
Net (decrease) increase in cash and cash equivalents	(500)	(399)	1,973	(23,448)	(23,448)
Cash and cash equivalents at beginning of the year/period					
	30,274	29,774	29,375	31,348	31,348
Cash and cash equivalents at end of the year/period, representing bank balances					
	29,774	29,375	31,348	7,900	7,900

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Petersham Limited is a private limited company incorporated in Hong Kong. Its intermediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the British Virgins Islands. Petersham Limited is engaged in investment holding and property management.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Petersham Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the unaudited financial information of Petersham Limited have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Petersham Limited to meet in full its financial obligations as they fall due in the foreseeable future.

REVIEW REPORT ON UNAUDITED FINANCIAL INFORMATION OF
HOLYROOD LIMITED

TO THE BOARD OF DIRECTORS OF PALADIN LIMITED

Introduction

We have reviewed the unaudited financial information of Holyrood Limited set out on pages 113 to 118 which comprises the unaudited statements of financial position as of 30 June 2012, 2013 and 2014, 31 December 2014 and 31 May 2015 and the related unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the years/periods then ended (the “**Relevant Periods**”) and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Paladin Limited (the “**Company**”) in connection with, *inter alia*, the proposed very substantial disposal concerning properties holding companies including Holyrood Limited in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of Holyrood Limited in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Holyrood Limited for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

APPENDIX II

**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

Holyrood Limited

Unaudited statements of profit or loss and other comprehensive income

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Other income	1,766,609	-	-	417	445
Administrative expenses	(16,069,824)	(10,436,367)	(11,362,576)	(9,017,327)	(12,949,009)
Reversal of impairment loss in respect of amounts due from group companies	74,076,924	16,000	373,201,250	-	-
Provision for litigations	(21,377,165)	-	-	-	(7,000,000)
Profit (loss) before taxation	38,396,544	(10,420,367)	361,838,674	(9,016,910)	(19,948,564)
Taxation	(14,792,884)	(10,000)	-	-	-
Profit (loss) for the year/period	23,603,660	(10,430,367)	361,838,674	(9,016,910)	(19,948,564)
Other comprehensive income (expense)					
Item that may be reclassified subsequently to profit or loss					
Fair value gain (loss) in available-for-sale investments	2,472,000	431,000	(1,117,000)	(1,343,000)	(1,343,000)
Profit (loss) and total comprehensive income (expense) for the year/period	26,075,660	(9,999,367)	360,721,674	(10,359,910)	(21,291,564)

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of financial position
As at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014 and 31 May 2015

	As at 30 June		As at 31 December		As at
	2012	2013	2014	2014	31 May
	HK\$	HK\$	HK\$	HK\$	2015
					HK\$
Non-current assets					
Available-for-sale investments	13,586,000	14,017,000	12,900,000	11,557,000	11,557,000
Property, plant and equipment	141,072	3,243	495	495	495
	<u>13,727,072</u>	<u>14,020,243</u>	<u>12,900,495</u>	<u>11,557,495</u>	<u>11,557,495</u>
Current assets					
Other receivables, deposits and prepayments	7,754,600	2,885,985	2,671,121	2,764,186	2,764,252
Amount due from an intermediate holding company	–	–	978,781,475	970,773,313	–
Amounts due from fellow subsidiaries	754,224,713	754,237,963	–	–	37,771,119
Bank balances	1,766,804	1,766,594	3,256	2,429	2,053
	<u>763,746,117</u>	<u>758,890,542</u>	<u>981,455,852</u>	<u>973,539,928</u>	<u>40,537,424</u>
Current liabilities					
Other payables	56,737,670	45,617,670	29,921,431	30,999,242	30,998,393
Rental deposit received	200,000	200,000	92,520	–	–
Retention money payable	1,104,000	1,104,000	1,104,000	–	–
Amount due to ultimate holding company	13,944,158	–	–	–	–
Amount due to an intermediate holding company	–	40,079,271	–	–	–
Amounts due to fellow subsidiaries	84,058,373	84,058,373	665,251	1,884,946	2,813,085
Provision for litigations	8,000,000	8,000,000	8,000,000	8,000,000	15,000,000
Tax payables	9,578,150	–	–	–	–
	<u>173,622,351</u>	<u>179,059,314</u>	<u>39,783,202</u>	<u>40,884,188</u>	<u>48,811,478</u>
Net current assets (liabilities)	<u>590,123,766</u>	<u>579,831,228</u>	<u>941,672,650</u>	<u>932,655,740</u>	<u>(8,274,054)</u>
Net assets	<u>603,850,838</u>	<u>593,851,471</u>	<u>954,573,145</u>	<u>944,213,235</u>	<u>3,283,441</u>
Capital and reserves					
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserves	602,850,838	592,851,471	953,573,145	943,213,235	2,283,441
	<u>603,850,838</u>	<u>593,851,471</u>	<u>954,573,145</u>	<u>944,213,235</u>	<u>3,283,441</u>

APPENDIX II**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP****Unaudited statements of change in equity**

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Investment revaluation reserve HK\$	Accumulated profits HK\$	Total HK\$
At 31 July 2011	1,000,000	3,614,000	573,161,178	577,775,178
Profit for the year	–	–	23,603,660	23,603,660
Fair value gain on available-for-sale investments and other comprehensive income for the year	–	2,472,000	–	2,472,000
At 30 June 2012	1,000,000	6,086,000	596,764,838	603,850,838
Profit for the year	–	–	(10,430,367)	(10,430,367)
Fair value gain on available-for-sale investments and other comprehensive income for the year	–	431,000	–	431,000
At 30 June 2013	1,000,000	6,517,000	586,334,471	593,851,471
Profit for the year	–	–	361,838,674	361,838,674
Fair value loss on available-for-sale investments and other comprehensive expense for the year	–	(1,117,000)	–	(1,117,000)
At 30 June 2014	1,000,000	5,400,000	948,173,145	954,573,145
Loss for the period	–	–	(19,948,564)	(19,948,564)
Fair value loss on available-for-sale investments and other comprehensive expense for the period	–	(1,343,000)	–	(1,343,000)
Dividend declared	–	–	(929,998,140)	(929,998,140)
At 31 May 2015	<u>1,000,000</u>	<u>4,057,000</u>	<u>(1,773,559)</u>	<u>3,283,441</u>
At 1 July 2014	1,000,000	5,400,000	948,173,145	954,573,145
Loss for the period	–	–	(9,016,910)	(9,016,910)
Fair value loss on available-for-sale investments and other comprehensive expense for the period	–	(1,343,000)	–	(1,343,000)
At 31 December 2014	<u>1,000,000</u>	<u>4,057,000</u>	<u>939,156,235</u>	<u>944,213,235</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited statements of cash flows

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Operating activities					
Profit (loss) before taxation	38,396,544	(10,420,367)	361,838,674	(9,016,910)	(19,948,564)
Adjustments for:					
Depreciation of property, plant and equipment	163,538	137,829	2,748	-	-
Interest income				-	(28)
Reversal of impairment loss in respect of amounts due from group companies	(74,076,924)	(16,000)	(373,201,250)	-	-
Operating cash flows before movement in working capital	(35,516,842)	(10,298,538)	(11,359,828)	(9,016,910)	(19,948,592)
Decrease in properties held for sale					
(Increase) decrease in other receivables, deposits and prepayments	(2,664,777)	4,868,615	214,864	(93,065)	(93,131)
Decrease in other payables	(17,706,271)	(11,120,000)	(15,696,239)	(26,189)	(27,038)
Increase in provision for litigations	8,000,000	-	-	-	7,000,000
Decrease in rental deposits received	-	-	(107,480)	(92,520)	(92,520)
Cash used in operations	(47,887,890)	(16,549,923)	(26,948,683)	(9,228,684)	(13,161,281)
Income tax paid	(44,614,734)	(9,588,150)	-	-	-
Net cash used in operating activities	(92,502,624)	(26,138,073)	(26,948,683)	(9,228,684)	(13,161,281)
Investing activities					
Interest received	-	-	-	-	28
Repayment from ultimate holding company	74,076,924	-	-	8,008,162	11,940,356
Repayment from fellow subsidiaries	6,248,346	2,750	1,127,439,213	-	-
Advance to intermediate holding company	-	-	(978,781,475)	-	-
Net cash from investing activities	80,325,270	2,750	148,657,738	8,008,162	11,940,384
Financing activities					
Advance from ultimate holding company	13,944,158	-	-	-	-
Advance from (repayment to) an intermediate holding company	-	26,135,113	(40,079,271)	-	-
(Repayment to) advance from fellow subsidiaries	-	-	(83,393,122)	1,219,695	1,219,694
Net cash from (used in) financing activities	13,944,158	26,135,113	(123,472,393)	1,219,695	1,219,694
Net increase (decrease) in cash and cash equivalents	1,766,804	(210)	(1,763,338)	(827)	(1,203)
Cash and cash equivalents at beginning of the year/period	-	1,766,804	1,766,594	3,256	3,256
Cash and cash equivalents at end of the year/period, representing bank balances	1,766,804	1,766,594	3,256	2,429	2,053

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR EACH OF THE
THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER 2014
AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

Holyrood Limited is a private limited company incorporated in Hong Kong. Its intermediate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company and ultimate controlling party is Five Star Investments Limited, a company which is incorporated in the British Virgins Islands. Holyrood Limited is engaged in property holding and property investment.

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited financial information

The unaudited financial information of Holyrood Limited for the three years ended 30 June 2014, the six months ended 31 December 2014 and the six months ended 31 May 2015 (the “Relevant Periods”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the unaudited financial information of Holyrood Limited have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The unaudited financial information has been prepared on a going concern basis because the Company has agreed to provide adequate funds to enable Holyrood Limited to meet in full its financial obligations as they fall due in the foreseeable future.

UNAUDITED COMBINED FINANCIAL INFORMATION OF THE DISPOSAL TARGET GROUP

Except the financial information of Alpard Limited, Venus Fortune Limited, Wayguard Limited, World Modern Limited, Petersham Limited and Holyrood Limited for the year ended 30 June 2012, 30 June 2013 and 30 June 2014 are extracted from the audited financial statements of each company, the financial information of other entities comprising the Disposal Target Group and that of the six months ended 31 December 2014 and eleven months ended 31 May 2015 from pages 119 to 125 are unaudited financial information.

Unaudited combined statements of profit or loss and other comprehensive income

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended	Eleven months ended
	2012	2013	2014	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	1,276,000	162,820,000	330,000	-	-
Cost of sales	-	(64,503,412)	-	-	-
Gross profit	1,276,000	98,316,588	330,000	-	-
Other income	14,495,186	7,583,868	5,826,980	1,858,136	3,460,140
Distribution costs	-	(3,314,340)	-	-	-
Administrative expenses	(32,942,272)	(31,600,170)	(31,384,182)	(18,993,526)	(28,571,581)
Fair value change of investment properties	(6,000,000)	6,000,000	(4,360,000)	6,500,000	41,360,000
Finance costs	(16,393,865)	(14,759,989)	(14,570,914)	(8,279,811)	(13,659,717)
Reversal of impairment loss in respect of amounts due from remaining group companies	86,002,270	16,855	528,517,557	-	-
Reversal of impairment loss on properties held for sale	48,600,000	-	-	-	-
Provision for litigations	(21,377,165)	-	-	-	(7,000,000)
Profit (loss) before taxation	73,660,154	62,242,812	484,359,441	(18,915,201)	(4,411,158)
Taxation	(14,792,884)	(10,000)	-	-	-
Profit (loss) for the year/period	58,867,270	62,232,812	484,359,441	(18,915,201)	(4,411,158)
Other comprehensive income (expense):					
Item that may be subsequently reclassified to profit or loss					
Fair value gain (loss) in available-for-sale investments	2,472,000	431,000	(1,117,000)	(1,343,000)	(1,343,000)
Profit (loss) and total comprehensive income (expense) for the year/period	61,339,270	62,663,812	483,242,441	(20,258,201)	(5,754,158)

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited combined statements of financial position
As at 30 June 2012, 30 June 2013, 30 June 2014 and 31 May 2015

	As at 30 June		As at 31 December		As at
	2012	2013	2014	2014	31 May
	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current assets					
Investment properties	242,000,000	248,000,000	243,640,000	250,140,000	285,000,000
Property, plant and equipment	1,439,684	1,387,074	1,002,233	1,002,233	659,824
Available-for-sale investments	13,586,000	14,017,000	12,900,000	11,557,000	11,557,000
Pledged bank deposits	50,366,439	50,565,064	50,575,012	50,580,388	50,584,518
Deposit placed for a life insurance policy	21,028,592	20,941,530	20,908,819	20,802,519	20,802,519
	<u>328,420,715</u>	<u>334,910,668</u>	<u>329,026,064</u>	<u>334,082,140</u>	<u>368,603,861</u>
Current assets					
Properties held for sale	774,911,469	710,408,056	710,408,056	710,408,056	710,408,056
Other receivables, deposits and prepayments	28,363,528	11,648,621	12,786,295	13,325,316	15,283,646
Amount due from fellow subsidiaries	–	–	11,571,397	14,228,501	51,999,770
Bank balances and cash	53,774,812	74,597,649	17,751,231	5,150,644	5,896,731
	<u>857,049,809</u>	<u>796,654,326</u>	<u>752,516,979</u>	<u>743,112,517</u>	<u>783,588,203</u>
Current liabilities					
Other payables and accrued charges	69,712,244	49,450,540	33,365,893	33,507,703	32,972,359
Amount due to an intermediate holding company	63,164,135	133,725,979	120,785,584	138,700,393	1,142,606,199
Amounts due to fellow subsidiaries	520,360,606	475,123,167	–	–	–
Provision for litigations	8,000,000	8,000,000	8,000,000	8,000,000	15,000,000
Bank overdrafts	25,072,270	19,999,000	37,350,696	58,666,106	57,610,465
Secured bank borrowings	901,888,866	794,908,243	748,440,364	724,978,142	705,226,685
Tax payables	9,578,150	–	–	–	–
	<u>1,597,776,271</u>	<u>1,481,206,929</u>	<u>947,942,537</u>	<u>963,852,344</u>	<u>1,953,415,708</u>
Net current liabilities	<u>(740,726,462)</u>	<u>(684,552,603)</u>	<u>(195,425,558)</u>	<u>(220,739,827)</u>	<u>(1,169,827,505)</u>
Net (liabilities) assets	<u>(412,305,747)</u>	<u>(349,641,935)</u>	<u>133,600,506</u>	<u>113,342,313</u>	<u>(801,223,644)</u>
Capital and reserves					
Combined share capital	31	31	31	39	39
Combined reserves	(412,305,778)	(349,641,966)	133,600,475	113,342,274	(801,223,683)
	<u>(412,305,747)</u>	<u>(349,641,935)</u>	<u>133,600,506</u>	<u>113,342,313</u>	<u>(801,223,644)</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited combined statements of change in equity
For each of the three years ended 30 June 2014 and the eleven months ended 31 May 2015

	Share capital HK\$	Investment revaluation reserve HK\$	Accumulated (losses) profits HK\$	Total HK\$
At 31 July 2011	31	3,614,000	(477,259,048)	(473,645,017)
Profit for the year	–	–	58,867,270	58,867,270
Fair value gain on available-for-sale investments and other comprehensive income for the year	–	2,472,000	–	2,472,000
At 30 June 2012	31	6,086,000	(418,391,778)	(412,305,747)
Profit for the year	–	–	62,232,812	62,232,812
Fair value gain on available-for-sale investments and other comprehensive income for the year	–	431,000	–	431,000
At 30 June 2013	31	6,517,000	(356,158,966)	(349,641,935)
Profit for the year	–	–	484,359,441	484,359,441
Fair value loss on available-for-sale investments and other comprehensive expense for the year	–	(1,117,000)	–	(1,117,000)
At 30 June 2014	31	5,400,000	128,200,475	133,600,506
Loss for the period	–	–	(4,411,158)	(4,411,158)
Fair value loss on available-for-sale investments and other comprehensive expense for the period	–	(1,343,000)	–	(1,343,000)
Incorporation of Oasis Trade Global Limited	8	–	–	8
Dividend declared	–	–	(929,070,000)	(929,070,000)
At 31 May 2015	<u>39</u>	<u>4,057,000</u>	<u>(805,280,683)</u>	<u>(801,223,644)</u>
At 1 July 2014	31	5,400,000	128,200,475	133,600,506
Loss for the period	–	–	(18,915,201)	(18,915,201)
Fair value loss on available-for-sale investments and other comprehensive expense for the period	–	(1,343,000)	–	(1,343,000)
Incorporation of Oasis Trade Global Limited	8	–	–	8
At 31 December 2014	<u>39</u>	<u>4,057,000</u>	<u>109,285,274</u>	<u>113,342,313</u>

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**
Unaudited combined statements of cash flows

For each of the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015

	Year ended 30 June			Six months ended 31 December	Eleven months ended 31 May
	2012	2013	2014	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Operating activities					
Profit (loss) before taxation	73,660,154	62,242,812	484,359,441	(18,915,201)	(4,411,158)
Adjustments for:					
Depreciation of property, plant and equipment	546,055	566,054	384,842	–	342,409
Interest expenses	16,393,865	14,759,989	14,570,915	8,279,811	13,659,717
Interest income	(603,467)	(1,008,347)	(855,121)	(6,241)	(710,745)
Fair value change of investment properties	6,000,000	(6,000,000)	4,360,000	(6,500,000)	(41,360,000)
Premium charged on a life insurance policy	293,297	878,436	873,942	106,300	106,300
Reversal of impairment loss on properties held for sale	(48,600,000)	–	–	–	–
Reversal of impairment loss in respect of amounts due from group companies	(86,002,270)	(16,855)	(528,517,557)	–	–
Operating cash flows before movement in working capital	(38,312,366)	71,422,089	(24,823,538)	(17,035,331)	(32,373,477)
Decrease in properties held for sale	–	118,400,000	–	–	–
Decrease (increase) in other receivables, deposits and prepayments	734,675	16,712,659	(1,137,674)	(106,000)	1,307,990
(Decrease) increase in other payables and accrued charges	(17,847,021)	(20,246,705)	(15,977,165)	2,051,476	(300,911)
(Decrease) increase in rental deposits received	–	–	(107,480)	340,332	(92,520)
Increase in provision for litigations	8,000,000	–	–	–	7,000,000
Cash (used in) from operations	(47,424,712)	186,288,043	(42,045,857)	(14,749,523)	(24,458,918)
Income tax paid	(44,614,734)	(9,588,150)	–	–	–
Net cash (used in) from operating activities	(92,039,446)	176,699,893	(42,045,857)	(14,749,523)	(24,458,918)
Investing activities					
Payment of deposit placed for a life insurance policy	(21,887,572)	–	–	–	–
Purchase of property, plant and equipment	–	(513,444)	–	–	–
(Increase) decrease in amount due from a director	(3,804,401)	3,804,401	–	–	–
Decrease (Increase) in amount due from ultimate holding company	1,706,478	–	–	(92,520)	–
Decrease (Increase) in amount due from an intermediate holding company	61,381,878	(9,706)	2,239,087	5,417,664	10,277,998
(Increase) decrease in amount due from immediate holding company	–	–	(978,757,042)	(34,103)	–
(Increase) decrease in amounts due from fellow subsidiaries	(380,834)	(127,129,752)	103,180,923	(27,550,875)	(3,894,537)
Interest received	290,714	219,219	13,890	800	710,745
Decrease (increase) in pledged bank deposits	10,904,088	(198,625)	(9,948)	(5,376)	(9,506)
Net cash from (used in) investing activities	48,210,351	(123,827,907)	(873,333,090)	(22,264,410)	7,084,700

APPENDIX II
**FINANCIAL INFORMATION OF
THE DISPOSAL TARGET GROUP**

	Year ended 30 June		Six months ended	Eleven months ended
	2012	2013	31 December 2014	31 May 2015
	HK\$	HK\$	HK\$	HK\$
Financing activities				
Bank borrowing raised	255,319,200	-	-	-
Advance from (repayment to) an intermediate holding company	52,227,487	125,574,067	902,219,625	9,909,947
(Repayment to) advance from fellow subsidiaries	(23,671,666)	(30,809,333)	-	24,930,023
Repayment of bank borrowings	(145,419,460)	(106,980,624)	(46,467,878)	(23,462,222)
Interest paid	(16,393,865)	(14,759,989)	(14,570,915)	(8,279,811)
Net cash from (used in) financing activities	122,061,696	(26,975,879)	841,180,832	3,097,937
Net increase (decrease) in cash and cash equivalents	78,232,601	25,896,107	(74,198,115)	(33,915,996)
Cash and cash equivalents at beginning of the year/period	(49,530,059)	28,702,542	54,598,649	(19,599,466)
Cash and cash equivalents at end of the year/period	28,702,542	54,598,649	(19,599,466)	(53,515,462)
Analysis of the balances of cash and cash equivalents				
Bank balances and cash	53,774,812	74,597,649	17,751,230	5,150,644
Bank overdrafts	(25,072,270)	(19,999,000)	(37,350,696)	(58,666,106)
	<u>28,702,542</u>	<u>54,598,649</u>	<u>(19,599,466)</u>	<u>(53,515,462)</u>

**NOTES TO THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR EACH OF
THE THREE YEARS ENDED 30 JUNE 2014, THE SIX MONTHS ENDED 31 DECEMBER
2014 AND THE ELEVEN MONTHS ENDED 31 MAY 2015****1. General**

On 17 June 2015, Paladin Limited (the “Company”) entered into a sale and purchase agreement (the “Agreement”) with Equal Force Limited, an indirect wholly-owned subsidiary of CSI Properties Limited, for the sale of the Disposal Sale Shares and Disposal Sale Loan (as defined below) from the Company to Equal Force Limited for a consideration of HK\$1,825,000,000, subject to adjustment (the “Disposal”). The Disposal Sale Shares represent shares in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited (collectively, the “Disposal Target Companies”), which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively, the “Disposal Target Company Subsidiaries”) (collectively referred to as the “Disposal Target Group”). The Disposal Target Company Subsidiaries are the registered and beneficial owners of certain residential units, car parking spaces and motorcycle parking spaces situated at Nos. 8, 10 and 12 Peak Road, The Peak, Hong Kong erected on Inland Lot No. 7878. The Disposal Sale Loan represent the loans owing by the Disposal Target Group to the Company as at the consummation of the sale and purchase of the Disposal Sale Shares and the Disposal Sale Loan pursuant to the Agreement.

Upon the completion of the Agreement, the Disposal Target Group will cease to be subsidiaries of the Company.

2. Basis of preparation of the unaudited combined financial information

The unaudited combined financial information for each of the three years ended 30 June 2014, the six months ended 31 December 2014 and eleven months ended 31 May 2015 comprises the combined results and financial position of the Disposal Target Companies and the Disposal Target Company Subsidiaries. All of the inter-company balances, transactions and the related cash flows among the Disposal Target Group have been eliminated.

The unaudited combined financial information of the Disposal Target Group for the three years ended 30 June 2014, the six months ended 31 December 2014 and the eleven months ended 31 May 2015 (the “Relevant Periods”) has been prepared solely for the purposes of inclusion in the circular to be issued by the Company in connection with the proposed Disposal.

The amounts included in the Unaudited Combined Financial Information of the Disposal Target Group have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the relevant years or periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited combined financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“HKAS”) 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent property valuer, in connection with their valuation as at 31 May 2015 of the Peak Road Property.



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25 August 2015

The Directors
Paladin Limited
Suite 2304, 23rd Floor
Sun Life Tower, The Gateway
Harbour City, Tsimshatsui
Kowloon

Dear Sirs

Valuation in respect of 17 units of Block A1 and Block A2, House B, 31 car parking spaces and 5 motorcycle parking spaces, “8-12 PEAK ROAD”, Nos 8, 10 and 12 Peak Road, The Peak, Hong Kong (the “Property”)

In accordance with the instructions from Paladin Limited (the “Company”) to value the Property, we confirm that we have carried out external inspection, made relevant enquiries and carried out searches and obtain such further information as we consider necessary for the purpose of providing you with our opinion of market value of the Property in its existing state as at 31 May 2015 (the “Valuation Date”) for purpose of disclosure in a public circular.

BASIS OF VALUATION

In arriving at our opinion of market value, we followed the HKIS Valuation Standards (2012 Edition) issued by the Hong Kong Institute of Surveyors (HKIS). Under the said standards, Market Value is defined as:-

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of an asset or liability is also estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In undertaking the valuation, we have regarded the requirements contained in the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHODOLOGIES

The Property is currently held for investment purpose. We have prepared our valuation of the Property by “Direct Comparison Approach” by making reference to sales evidence as available in the market.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions:–

Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the Property by obtaining land search records from the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept a liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the Property was free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the Valuation Date.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, floor area, occupancies, incomes and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Property, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property or contained on the register of title. We assume that this information is complete and correct.

Inspection

We inspected the exterior and portion of the interior of the Property on 3 August 2015. The inspection of the Property was undertaken by Ms Catherine Cheung, our Director of General Valuation Department. We have assumed in our valuation that the Property was in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the Valuation Date, unless otherwise stated.

Identity of Property to be valued

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property, identified by the property address in your instructions, is the property contained within our valuation report. If there is ambiguity as to the property address, or the extent of the Property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property. Our valuation has therefore been undertaken on the basis that the Property was in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property valued had been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

We enclose herewith our valuation.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Thomas H M Lam

FRICS MHKIS MCIREA MHKSI RPS(GP)
Senior Director,
Head of Valuation & Consultancy

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Catherine Cheung

MRICS MHKIS RPS(GP)
Director, General Valuation

Notes: Thomas H M Lam is a Chartered Surveyor who has extensive experiences in market research, valuation and consultancy in China, Hong Kong, Macau and Asia Pacific region (ex-Japan).

Catherine Cheung, MRICS MHKIS RPS(GP), has been a qualified valuer with Knight Frank since 1992 and has over 20 years' experience in the valuation of properties in Hong Kong.

VALUATION

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2015
<p>17 units of Block A1 and Block A2, House B, 31 car parking spaces and 5 motorcycle parking spaces, "8-12 PEAK ROAD", Nos 8, 10 and 12 Peak Road, The Peak, Hong Kong</p> <p>7,541/12,510th shares of and in Inland Lot No 7878</p>	<p>"8-12 PEAK ROAD" (also known as "Oasis") is a private residential development comprising three residential blocks categorised as: A1, A2 and House B completed in 2005. The two residential blocks, A1 and A2 are each of ten storeys homing 34 residential units in total whilst House B is a 3-storey building (excluding LG/F entrance) situated in between these two blocks. Carparking facilities are found on LG/F of the development.</p> <p>"8-12 PEAK ROAD" is situated in the Peak area which is one of the popular residential areas for high income group and is predominated by low & medium rise residential developments.</p> <p>The Property comprises 11 simplex and 6 duplex residential units of Block A1 and Block A2, House B, 31 covered carparking spaces and 5 motorcycle parking spaces on lower ground floor of "8-12 PEAK ROAD". The total saleable area of the residential portion is approximately 46,550 sq ft (4,324.60 sq m) (excluding the parking spaces) as per information obtained from Rating and Valuation Department. In addition, the 4 duplexes on the G/F & 1/F, the top floor units and House B have exclusive ancillary accommodations like private gardens, flat roofs and open roofs.</p> <p>Inland Lot No 7878 is held under a Government Lease for a term of 75 years renewable for 75 years commencing from 24 September 1934. The annual Government rent for Inland Lot No 7878 is HK\$2,023,362.</p>	<p>As advised by the Company, as at the Valuation Date, 2 simplex units and 2 car parking spaces were subject to various tenancies mostly for terms of 1 to 2 years with the latest one expiring in December 2015 yielding a total monthly rent of about HK\$280,000 inclusive of rates and management fees whilst a unit and 4 car parking spaces were subject to two committed tenancies both for a term of 1 year with the latest one expiring in August 2016 yielding a total monthly rent of about HK\$105,000 inclusive of rates and management fees and the remaining portion of the Property was vacant.</p>	<p>HK\$1,825,000,000 (Hong Kong Dollars One Billion Eight Hundred and Twenty Five Million)</p>

Notes: (1) The registered owners of various portions of the Property were Alpard Limited, Venus Fortune Limited, Wayguard Limited and World Modern International Limited, which were all wholly-owned subsidiaries of the Company as at Valuation Date. Details of the ownership are summarised as follows:–

The registered owner	Block	Unit(s)
Alpard Limited	Block A2	Duplex G/1A, 2A and 3A; car parking space nos 9, 10, 15, 17, 18, 19, 24, 25, 28, 29, 32, 34, 35, 37 and 49; and motor bike parking space nos M1, M2, M3, M4 and M5
Venus Fortune Limited	Block A2 House B	Duplex G/1B; and car parking space nos 31 and 33
Wayguard Limited	Block A1 Block A2	5A, 6A and 9B; Duplex 9/10A and Duplex 9/10B; and car parking space nos 7, 12, 30, 53 and 54
World Modern International Limited	Block A1	Duplex G/1A, Duplex G/1B, 2A, 2B, 6B, 7A, 9A and 10B; and car parking space nos 1, 3, 8, 11, 13, 20, 21, 22 and 23

(2) The Property was subject to the following encumbrances as at the Valuation Date as per the land search records:–

- i. Modification Letter with plan vide memorial no UB7745470 dated 16 April 1999.
- ii. Modification Letter vide memorial no UB8827168 dated 26 November 2002.
- iii. Occupation Permit No HK23/2005 (OP) vide memorial no 05061701780041 dated 24 March 2006.
- iv. Certificate of Compliance by District Lands Office/Hong Kong East Lands Department vide memorial no 05070502360090 dated 30 June 2005.
- v. Deed of Mutual Covenant incorporating Management Agreement with plans in favour of Petersham Limited vide memorial no 05080901760035 dated 19 July 2005.

vi. Various Legal Charges and Rental Assignments regarding the residential portion are summarised as follows:-

Block	Unit(s)	Memorial No	Date of instrument	Nature	In favour of	Consideration
BLOCK A1	Duplex G/1A, 2A, 2B, 6B, 7A and 9A; and car parking space nos 8, 11, 13, 20, 22 and 23	06062302170173	07/06/2006	Legal Charge	Wing Lung Bank Limited	ALL MONEYS (PT.)
		07073001010027	24/07/2007	Legal Charge	Wing Lung Bank Limited	ALL MONEYS (PT.)
	Duplex G/1B; and car parking space no 21	11072101810051	11/07/2011	Mortgage	Hang Seng Bank Limited	ALL MONEYS (PT.)
		11072101810065	11/07/2011	Rental Assignment	Hang Seng Bank Limited	-
	5A	06092500930046	11/09/2006	Legal Charge/Mortgage	CITIC Ka Wah Bank Limited	For Consideration See Memorial (Pt.)
		14123101910036	18/12/2014	Tripartite Second Legal Charge/Mortgage	China CITIC Bank International Limited	To Secure All Money In Respect Of General Banking Facilities Granted To The Borrower
		14123101910042	18/12/2014	Rental Assignment	China CITIC Bank International Limited	-
	6A; and car parking space no 7	06090501630084	17/08/2006	Mortgage	Public Bank (Hong Kong) Limited	All Moneys (Pt.)
		06090501630096	17/08/2006	Rental Assignment	Public Bank (Hong Kong) Limited	-
	9B; and car parking space no 12	06092500930053	11/09/2006	Legal Charge/Mortgage	CITIC Ka Wah Bank Limited	For Consideration See Memorial (Pt.)
		14123101910055	18/12/2014	Tripartite Second Legal Charge/Mortgage	China CITIC Bank International Limited	To Secure All Money In Respect Of General Banking Facilities Granted To The Borrower (Pt.)
		14123101910065	18/12/2014	Rental Assignment	China CITIC Bank International Limited	-
10B; and car parking space no 3	11072101810074	11/07/2011	Mortgage	Hang Seng Bank Limited	All Moneys (Pt.)	
	11072101810080	11/07/2011	Rental Assignment	Hang Seng Bank Limited	-	
BLOCK A2	Duplex G/1A, 2A; and car parking space nos 32 and 37	07100202160218	14/09/2007	Legal Charge/Mortgage	CITIC Ka Wah Bank Limited	All Moneys (Pt.)
		07100202160222	14/09/2007	Rental Assignment	CITIC Ka Wah Bank Limited	-
	Duplex G/1B; and car parking space no 31	10092902420227	09/09/2010	Mortgage	The Bank Of East Asia, Limited	General Banking Facilities To The Extent Of HK\$84,000,000.00 (Pt.)
10092902420233		09/09/2010	Assignment Of Rental	The Bank Of East Asia, Limited	-	

Block	Unit(s)	Memorial No	Date of instrument	Nature	In favour of	Consideration
	3A; and car parking space no 49	10102801890114	08/10/2010	Mortgage	Dah Sing Bank Limited	General Banking Facilities To The Extent Of HK\$35,000,000.00 (Pt.)
		10102801890123	08/10/2010	Rental Assignment	Dah Sing Bank, Limited	-
	Duplex 9/10A; and car parking space no 53	07011501670039	21/12/2006	Mortgage	DBS Bank (Hong Kong) Limited	All Moneys (Pt.)
		07011501670040	21/12/2006	Assignment Of Rentals	DBS Bank (Hong Kong) Limited	-
	Duplex 9/10B; and car parking space nos 30 and 54	06111801350030	23/10/2006	Legal Charge/Mortgage	CITIC Ka Wah Bank Limited	All Moneys (Pt.)
		06111801350049	23/10/2006	Rental Assignment	CITIC Ka Wah Bank Limited	-
		14123101910077	18/12/2014	Tripartite Second Legal Charge/Mortgage	China CITIC Bank International Limited	To Secure All Money In Respect Of General Banking Facilities Granted To The Borrower (Pt.)
		14123101910087	18/12/2014	Rental Assignment	China CITIC Bank International Limited	-
House B	and car parking space no 33	12022902250190	10/02/2012	Mortgage	Hang Seng Bank Limited	All Moneys (Pt.)
		12022902250206	10/02/2012	Rental Assignment	Hang Seng Bank Limited	-

- (3) The Property was situated within an area zoned for 'Residential (Group C)' uses under the approved The Peak Area Outline Zoning Plan No S/H14/11 dated 3 May 2011 as at the Valuation Date.
- (4) Upon our internal inspection of some units within the development, we noticed that there were some alternations and additions. Without any documentary proof on the legality of such alternations and additions, we have value the Property on its original layout. Any costs of reinstatement have not been taken into account.

(I) ACCOUNTANT'S REPORT OF ACME ELITE LIMITED



25 August 2015

The Directors
Paladin Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Acme Elite Limited (the “Acme Elite”) for the period from 6 February 2013 (date of incorporation) to 30 June 2013, each of the two years ended 30 June 2015 and the six months ended 31 December 2014 (the “Relevant Periods”) for inclusion in the circular of Paladin Limited dated 25 August 2015 in connection with *inter alia*, the proposed very substantial acquisition concerning companies with rights to acquire properties including Acme Elite (the “Circular”).

Acme Elite was incorporated with limited liability in the British Virgin Islands on 6 February 2013. The financial year end date of Acme Elite is 30 June.

No statutory audited financial statements have been prepared for Acme Elite since the date of its incorporation as Acme Elite has not carried on any business and there is no statutory audit requirement in the British Virgin Islands.

For the purpose of this report, the directors of Acme Elite have prepared the financial statements of Acme Elite for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) (the “Underlying Financial Statements”). We have carried out an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectus and the reporting accountant” as recommended by the HKICPA.

The Financial Information for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements. No adjustments was considered necessary to the Underlying Financial Statements in the preparation of our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Acme Elite who approved their issue. The directors of Paladin Limited are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Acme Elite as at 30 June 2013, 30 June 2014, 31 December 2014 and 30 June 2015 and of its results and cash flows for the Relevant Periods.

A. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Period from 6 February 2013 to 30 June 2013	Year ended 30 June 2014	Six months ended 31 December 2014	Year ended 30 June 2015
	<i>NOTE</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Administrative expenses		<u>(5,304)</u>	<u>(4,914)</u>	<u>-</u>	<u>(4,914)</u>
Loss and total comprehensive expense for the year	7	<u><u>(5,304)</u></u>	<u><u>(4,914)</u></u>	<u><u>-</u></u>	<u><u>(4,914)</u></u>

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 30 June		At 31 December	
		2013 HK\$	2014 HK\$	2015 HK\$	2014 HK\$
NON-CURRENT ASSET					
Deposit		<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
CURRENT LIABILITY					
Amount due to a fellow subsidiary	11	<u>15,296</u>	<u>20,210</u>	<u>25,124</u>	<u>20,210</u>
NET CURRENT LIABILITIES		<u>(15,296)</u>	<u>(20,210)</u>	<u>(25,124)</u>	<u>(20,210)</u>
NET LIABILITIES		<u>(5,296)</u>	<u>(10,210)</u>	<u>(15,124)</u>	<u>(10,210)</u>
CAPITAL AND RESERVES					
Share capital	12	8	8	8	8
Accumulated losses		<u>(5,304)</u>	<u>(10,218)</u>	<u>(15,132)</u>	<u>(10,218)</u>
DEFICIENCY ATTRIBUTABLE TO OWNERS OF ACME ELITE		<u>(5,296)</u>	<u>(10,210)</u>	<u>(15,124)</u>	<u>(10,210)</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
Issue of share at date of incorporation	8	–	8
Loss and total comprehensive expense for the period	<u>–</u>	<u>(5,304)</u>	<u>(5,304)</u>
At 30 June 2013	<u>8</u>	<u>(5,304)</u>	<u>(5,296)</u>
Loss and total comprehensive expense for the year	<u>–</u>	<u>(4,914)</u>	<u>(4,914)</u>
At 30 June 2014 and 31 December 2014	<u>8</u>	<u>(10,218)</u>	<u>(10,210)</u>
Loss and total comprehensive expense for the period	<u>–</u>	<u>(4,914)</u>	<u>(4,914)</u>
At 30 June 2015	<u>8</u>	<u>(15,132)</u>	<u>(15,124)</u>

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL**

Acme Elite was incorporated with limited liability in the British Virgin Islands on 1 April 2012. The address of its registered office of business is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

As at 30 June 2013, 2014 and 2015, its immediate holding company is Baliwood Holdings Limited, a limited liability company incorporated in the BVI. Its intermediate holding company is CSI Properties Limited, an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited, and the ultimate holding company is Digisino Assets Limited, a private company incorporated in the BVI. Its ultimate controlling party is Mr. Chung Cho Yee, Mico, a director and Chief Executive of CSI Properties Limited.

The Financial Information is presented in Hong Kong Dollar ("HK\$"), which is also the functional currency of Acme Elite.

No statement of cash flows had been presented for the Relevant Periods as Acme Elite's cash transactions were settled through a fellow subsidiary during the Relevant Periods.

Acme Elite is principally engaged in property investment, and is inactive since its incorporation.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

As at 30 June 2013, 30 June 2014, 31 December 2014 and 30 June 2015, Acme Elite had net current liabilities of HK\$15,296, HK\$20,210, HK\$20,210 and HK\$25,124, respectively, and incurred a loss of HK\$5,304 for the period from the date of incorporation to 30 June 2013, a loss of HK\$4,914 for the year ended 30 June 2014, and a loss of HK\$4,914 for the year ended 30 June 2015. The Financial Information has been prepared on a going concern basis because CSI Properties Limited has agreed to provide adequate funds for Acme Elite to meet in full its financial obligations as they fall due for the foreseeable future.

**3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL
REPORTING STANDARDS**

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Acme Elite has consistently applied the Hong Kong Accounting Standards ("HKAS"), HKFRSs, Amendments and Interpretations (hereinafter collectively referred to the "HKFRSs"), which are effective for the financial year ended 30 June 2015 throughout the Relevant Periods.

Acme Elite has not early applied the following new and revised HKFRSs that have been issued but are not yet effective during the Relevant Periods.

HKFRS 9	Financial Instruments ⁴
HKFRS 14	Regulatory deferral accounts ¹
HKFRS 15	Revenue from contracts with customers ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ²
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Amendments to HKAS 27	Equity method in separate financial statements ²

¹ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2016.

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4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Acme Elite takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from the loss for the period/year as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Acme Elite's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Financial instruments

Financial liabilities are recognised in the statement of financial position when Acme Elite becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

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Debt and equity instruments issued by Acme Elite are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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An equity instrument is any contract that evidences a residual interest in the assets of Acme Elite after deducting all of its liabilities. Equity instruments issued by Acme Elite are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Acme Elite's financial liabilities are generally classified as other financial liabilities, including amount due to ultimate holding company, and are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Acme Elite derecognises financial liabilities when, and only when, Acme Elite's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. SEGMENT INFORMATION

The directors of Acme Elite, being the chief operating decision maker (the "CODM"), assesses the performance and allocate the resources of Acme Elite as a whole. No segment information is presented.

6. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period/year. No provision for Hong Kong Profits Tax has been made in the Financial Information as Acme Elite does not have any assessable profit for the period/year.

The income tax expense for the period/year can be reconciled to the loss for the period/year per statements of profit or loss and other comprehensive income as follows:

	Period from 6 February 2013 to 30 June 2013 HK\$	Year ended 30 June 2014 HK\$	Year ended 30 June 2015 HK\$	Six months ended 31 December 2014 HK\$
Loss for the period/year	<u>(5,304)</u>	<u>(4,914)</u>	<u>(4,914)</u>	<u>–</u>
Tax at the Hong Kong tax rate of 16.5%	(875)	(811)	(811)	–
Tax effect of expenses not deductible for tax purpose	<u>875</u>	<u>811</u>	<u>811</u>	<u>–</u>
Income tax expense for the period/year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

7. LOSS FOR THE PERIOD/YEAR

Loss for the period/year has been arrived at after charging:

	Period from 6 February 2013 to 30 June 2013 HK\$	Year ended 30 June 2014 HK\$	Year ended 30 June 2015 HK\$	Six months ended 31 December 2014 HK\$
Director's remuneration	-	-	-	-
Contribution to retirement benefit schemes	-	-	-	-
Other staff costs	-	-	-	-
Total staff costs	-	-	-	-
Auditor's remuneration	-	-	-	-

8. DIRECTOR'S, CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

No emolument is paid or payable to the directors and chief executive, and employees of Acme Elite during the Relevant Periods. No remuneration was paid by Acme Elite to the directors, chief executive and employees of Acme Elite as an inducement to join or upon joining Acme Elite or as compensation for loss of office. In addition, the directors did not waive any emoluments during the Relevant Periods.

9. DIVIDENDS

No dividend was paid or proposed during the Relevant Periods, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is considered not meaningful.

11. AMOUNT DUE TO A FELLOW SUBSIDIARY

The balance is unsecured, non-interest bearing and is repayable on demand.

12. SHARE CAPITAL

**As at 6 February 2013
(date of incorporation),**

30 June 2013,

30 June 2014,

31 December 2014

and 30 June 2015

US\$

HK\$

Issued and fully paid:

1 ordinary shares of US\$1 each

1	8
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Acme Elite was incorporated on 6 February 2013 with an authorised share capital of US\$50,000 divided into 1 ordinary shares of US\$1 each. At the time of incorporation, 1 ordinary share of US\$1 each was issued to the subscriber to provide the initial capital to Acme Elite. There were no other movements in the share capital of Acme Elite during the Relevant Periods.

13. CAPITAL RISK MANAGEMENT

Acme Elite manages its capital to ensure that Acme Elite will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Acme Elite's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Acme Elite consists of debt, which include amount due to a fellow subsidiary disclosed in note 11 and equity attributable to owners of Acme Elite, comprising issued share capital and accumulated loss.

The directors of Acme Elite review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

14. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 30 June		At 31 December	
	2013	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
<i>Financial liabilities</i>				
Amortised cost	15,296	20,210	25,124	20,210

(b) Financial risk management objectives and policies

Acme Elite's financial instrument include amount due to a fellow subsidiary. Details of this financial instrument is disclosed in note 11. The risk associated with the financial instrument mainly included liquidity risk. The policies on how to mitigate this risk are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity risk

In the management of the liquidity risk, Acme Elite closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to meet in full its financial obligations as they fall due for the foreseeable future.

Acme Elite is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations. As at 30 June 2013, 30 June 2014, 31 December 2014 and 30 June 2015, Acme Elite had net current liabilities of HK\$15,296, HK\$20,210, HK\$20,210 and HK\$25,124, respectively, and incurred a loss of HK\$5,304 for the period from the date of incorporation to 30 June 2013, a loss of HK\$4,914 for the year ended 30 June 2014, and a loss of HK\$4,914 for the year ended 30 June 2015. The Financial Information has been prepared on a going concern basis because CSI Properties Limited has agreed to provide adequate funds for Acme Elite to meet in full its financial obligations as they fall due for the foreseeable future.

The following table details Acme Elite's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Acme Elite can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk table

	Weighted average interest rate %	Repayable on demand or within 3 months HK\$	Total undiscounted cash flows HK\$	Total carrying amount HK\$
At 30 June 2013				
Amount due to a fellow subsidiary	N/A	<u>15,296</u>	<u>15,296</u>	<u>15,296</u>
At 30 June 2014				
Amount due to a fellow subsidiary	N/A	<u>20,210</u>	<u>20,210</u>	<u>20,210</u>
At 31 December 2014				
Amount due to a fellow subsidiary	N/A	<u>20,210</u>	<u>20,210</u>	<u>20,210</u>
At 30 June 2015				
Amount due to a fellow subsidiary	N/A	<u>25,124</u>	<u>25,124</u>	<u>25,124</u>

(c) Fair value

The directors of Acme Elite consider that the carrying amounts of financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

15. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in the Financial Information, Acme Elite has not entered into any other material related party transactions during the Relevant Periods.

Compensation of key management personnel

No remuneration was paid to the directors and other members of key management for the Relevant Periods.

B. EVENTS AFTER THE REPORTING PERIOD

Acme Elite has agreed to purchase certain properties in Hong Kong at a total consideration of HK\$237,000,000 pursuant to the Provisional Agreement for Sale and Purchase dated 22 February 2013 (the "PASP Agreement") made between City Plan Limited, a subsidiary of CSI Properties Limited and hence a fellow subsidiary of Acme Elite, and Acme Elite. An initial deposit of HK\$10,000 has been paid upon the signing of the PASP Agreement and the completion of the PASP Agreement shall take place on or before 31 March 2016. As supplemented by a written notification dated 9 July 2015, the completion of the PASP Agreement shall take place simultaneously with the completion of the sale and purchase agreement dated 17 June 2015 made between Paladin Limited and Equal Force Limited, a subsidiary of CSI Properties Limited, in respect of the disposal of certain companies which are registered owners of certain units of Nos. 8-12 Peak Road, Hong Kong.

On 9 July 2015, Acme Elite has entered into another Provisional Agreement for Sale and Purchase with City Plan Limited to purchase certain car park spaces in Hong Kong at a total consideration of HK\$7,000,000.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Acme Elite in respect of any period subsequent to 30 June 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(II) ACCOUNTANTS' REPORT OF AFAR SUCCESS LIMITED

Deloitte.
德勤

25 August 2015

The Directors
Paladin Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Afar Success Limited (“Afar Success”) for the period from 7 February 2013 (date of incorporation) to 30 June 2013, each of the two years ended 30 June 2015 and the six months ended 31 December 2014 (the “Relevant Periods”) for inclusion in the circular of Paladin Limited dated 25 August 2015 in connection with *inter alia*, the proposed very substantial acquisition concerning companies with rights to acquire properties including Afar Success (the “Circular”).

Afar Success was incorporated with limited liability in the British Virgin Islands on 7 February 2013. The financial year end date of Afar Success is 30 June.

No statutory audited financial statements have been prepared for Afar Success since the date of its incorporation as Afar Success has not carried on any business and there is no statutory audit requirement in the British Virgin Islands.

For the purpose of this report, the directors of Afar Success have prepared the financial statements of Afar Success for the Relevant Periods in accordance with HKFRSs issued by the HKICPA (the “Underlying Financial Statements”). We have carried out an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectus and the reporting accountant” as recommended by the HKICPA.

The Financial Information for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements on the basis set out in note 2 to Section A of the Financial Information. No adjustments was considered necessary to the Underlying Financial Statements in the preparation of our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Afar Success who approved their issue. The directors of Paladin Limited are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Afar Success as at 30 June 2013, 30 June 2014, 31 December 2014 and 30 June 2015 and of its results and cash flows for the Relevant Periods.

A. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Period from 7 February	Year ended 30 June	Six months ended 31 December	Year ended 30 June
	2013 to 2013	2014	2014	2015
<i>NOTE</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Administrative expenses	(6,396)	(4,914)	-	(4,914)
Loss and total comprehensive expense or the year	7 (6,396)	(4,914)	-	(4,914)

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 30 June		At 31 December	
		2013	2014	2015	2014
		HK\$	HK\$	HK\$	HK\$
NON-CURRENT ASSET					
Deposit		<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
CURRENT LIABILITY					
Amount due to a fellow subsidiary	11	<u>16,388</u>	<u>21,302</u>	<u>26,216</u>	<u>21,302</u>
NET CURRENT LIABILITIES		<u>(16,388)</u>	<u>(21,302)</u>	<u>(26,216)</u>	<u>(21,302)</u>
NET LIABILITIES		<u>(6,388)</u>	<u>(11,302)</u>	<u>(16,216)</u>	<u>(11,302)</u>
CAPITAL AND RESERVES					
Share capital	12	8	8	8	8
Accumulated losses		<u>(6,396)</u>	<u>(11,310)</u>	<u>(16,224)</u>	<u>(11,310)</u>
DEFICIENCY ATTRIBUTABLE TO OWNERS OF AFAR SUCCESS		<u>(6,388)</u>	<u>(11,302)</u>	<u>(16,216)</u>	<u>(11,302)</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	HK\$	HK\$	HK\$
Issue of share at date of incorporation	8	–	8
Loss and total comprehensive expense for the year	<u>–</u>	<u>(6,396)</u>	<u>(6,396)</u>
At 30 June 2013	<u>8</u>	<u>(6,396)</u>	<u>(6,388)</u>
Loss and total comprehensive expense for the year	<u>–</u>	<u>(4,914)</u>	<u>(4,914)</u>
At 30 June 2014 and 31 December 2014	<u>8</u>	<u>(11,310)</u>	<u>(11,302)</u>
Loss and total comprehensive expense for the period	<u>–</u>	<u>(4,914)</u>	<u>(4,914)</u>
At 30 June 2015	<u>8</u>	<u>(16,224)</u>	<u>(16,216)</u>

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2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

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**3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL
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In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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The directors of Afar Success, being the chief operating decision maker (the "CODM"), assesses the performance and allocate the resources of Afar Success as a whole. No segment information is presented.

6. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period/year. No provision for Hong Kong Profits Tax has been made in the Financial Information as Afar Success does not have any assessable profit for the period/year.

The income tax expense for the period/year can be reconciled to the loss for the period/year per statements of profit or loss and other comprehensive income as follows:

	Period from 7 February			Six months ended
	2013 to 30 June	Year ended 30 June	Year ended 30 June	31 December
	2013	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
Loss for the period/year	<u>(6,396)</u>	<u>(4,914)</u>	<u>(4,914)</u>	<u>-</u>
Tax at the Hong Kong tax rate of 16.5%	(1,055)	(811)	(811)	-
Tax effect of expenses not deductible for tax purpose	<u>1,055</u>	<u>811</u>	<u>811</u>	<u>-</u>
Income tax expense for the period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Period from 7 February	Year ended 30 June	Year ended 30 June	Six months ended 31 December
	2013 to 2013	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
Director's remuneration	-	-	-	-
Contribution to retirement benefit schemes	-	-	-	-
Other staff costs	-	-	-	-
Total staff costs	-	-	-	-
Auditor's remuneration	-	-	-	-

8. DIRECTOR'S, CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

No emolument is paid or payable to the directors and chief executive, and employees of Afar Success during the Relevant Periods. No remuneration was paid by Afar Success to the directors, chief executive and employees of Afar Success as an inducement to join or upon joining Afar Success or as compensation for loss of office. In addition, the directors did not waive any emoluments during the Relevant Periods.

9. DIVIDENDS

No dividend was paid or proposed during the Relevant Periods, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is considered not meaningful.

11. AMOUNT DUE TO A FELLOW SUBSIDIARY

The balance is unsecured, non-interest bearing and is repayable on demand.

12. SHARE CAPITAL

**As at 7 February 2013
(date of incorporation),**

30 June 2013,

30 June 2014,

31 December 2014 and

30 June 2015

US\$

HK\$

Issued and fully paid:

1 ordinary shares of US\$1 each

1	8
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Afar Success was incorporated on 7 February 2013 with an authorised share capital of US\$50,000 divided into 1 ordinary shares of US\$1 each. At the time of incorporation, 1 ordinary share of US\$1 each was issued to the subscriber to provide the initial capital to Afar Success. There were no other movements in the share capital of Afar Success during the Relevant Periods.

13. CAPITAL RISK MANAGEMENT

Afar Success manages its capital to ensure that Afar Success will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Afar Success's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Afar Success consists of debt, which include amount due to a fellow subsidiary disclosed in note 11 and equity attributable to owners of Afar Success, comprising issued share capital and accumulated loss.

The directors of Afar Success review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

14. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 30 June		At 31 December	
	2013	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
<i>Financial liabilities</i>				
Amortised cost	<u>16,388</u>	<u>21,302</u>	<u>26,216</u>	<u>21,302</u>

(b) Financial risk management objectives and policies

Afar Success's financial instrument include amount due to a fellow subsidiary company. Details of this financial instrument is disclosed in note 11. The risk associated with the financial instrument mainly included liquidity risk. The policies on how to mitigate this risk are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity risk

In the management of the liquidity risk, Afar Success closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to meet in full its financial obligations as they fall due for the foreseeable future.

Afar Success is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations. As at 30 June 2013, 30 June 2014, 31 December 2014 and 30 June 2015, Afar Success had net current liabilities of HK\$16,388, HK\$21,302, HK\$21,302 and HK\$26,216, respectively, and incurred a loss of HK\$6,396 for the period from the date of incorporation to ended 30 June 2013, a loss of HK\$4,914 for the year ended 30 June 2014, and a loss of HK\$4,914 for the year ended 30 June 2015. The Financial Information has been prepared on a going concern basis because CSI Properties Limited has agreed to provide adequate funds for Afar Success to meet in full its financial obligations as they fall due for the foreseeable future.

The following table details Afar Success's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Afar Success can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk table

	Weighted average interest rate %	Repayable on demand or within 3 months HK\$	Total undiscounted cash flows HK\$	Total carrying amount HK\$
At 30 June 2013				
Amount due to a fellow subsidiary	N/A	<u>16,388</u>	<u>16,388</u>	<u>16,388</u>
At 30 June 2014				
Amount due to a fellow subsidiary	N/A	<u>21,302</u>	<u>21,302</u>	<u>21,302</u>
At 31 December 2014				
Amount due to a fellow subsidiary	N/A	<u>21,302</u>	<u>21,302</u>	<u>21,302</u>
At 30 June 2015				
Amount due to a fellow subsidiary	N/A	<u>26,216</u>	<u>26,216</u>	<u>26,216</u>

(c) Fair value

The directors of Afar Success consider that the carrying amounts of financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

15. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in the Financial Information, Afar Success has not entered into any other material related party transactions during the Relevant Periods.

Compensation of key management personnel

No remuneration was paid to the directors and other members of key management for the Relevant Periods.

B. EVENTS AFTER THE REPORTING PERIOD

Afar Success has agreed to purchase certain properties in Hong Kong at a total consideration of HK\$240,000,000 pursuant to the Provisional Agreement for Sale and Purchase dated 22 February 2013 (the "PASP Agreement") made between City Plan Limited, a subsidiary of CSI Properties Limited and hence a fellow subsidiary of Afar Success, and Afar Success. An initial deposit of HK\$10,000 has been paid upon the signing of the PASP Agreement and the completion of the PASP Agreement shall take place on or before 31 March 2016. As supplemented by a written notification dated 9 July 2015, the completion of the PASP Agreement shall take place simultaneously with the completion of the sale and purchase agreement dated 17 June 2015 made between Paladin Limited and Equal Force Limited, a subsidiary of CSI Properties Limited, in respect of the disposal of certain companies which are the registered owners of certain units of Nos. 8-12 Peak Road, Hong Kong.

On 9 July 2015, Afar Success has entered into another Provisional Agreement for Sale and Purchase with City Plan Limited to purchase certain car park spaces in Hong Kong at a total consideration of HK\$9,330,000.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Afar Success in respect of any period subsequent to 30 June 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong

1. BASIS OF PREPARATION OF THE PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP AND THE ENLARGED GROUP

The following is a summary of the illustrative pro forma consolidated statement of financial position, pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows (collectively referred to as the “Pro Forma Financial Information”), which have been prepared to illustrate the effects of the disposal of the entire equity interest in five wholly-owned subsidiaries of the Company, namely (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited and (v) Oasis Trade Global Limited, which are holding companies or shareholder of six wholly-owned subsidiaries of the Company, namely (i) Alpard Limited, (ii) Venus Fortune Limited, (iii) Wayguard Limited, (iv) World Modern International Limited, (v) Petersham Limited and (vi) Holyrood Limited (collectively referred to as the “Disposal Target Group”) and the proposed very substantial acquisition of the entire equity interest of Afar Success Limited and Acme Elite Limited (the “Acquisition”).

The Pro Forma Financial Information of the Group has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon the completion of the Disposal and the Acquisition as at 31 December 2014 or at any future date, or the results and cash flows of the Group upon the completion of the Disposal and the Acquisition for the year ended 30 June 2014 or for any future period.

Pro forma consolidation statement of financial position of the Group

The pro forma consolidated statement of financial position of the Group has been prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2014, which has been extracted from the published interim report of the Company for the six months ended 31 December 2014, with the pro forma adjustments relating to the Disposal and the Acquisition, which include, amongst others, the exclusion of the assets and liabilities attributable to the Disposal Target Group and the inclusion of the assets and liabilities attributable to the Acquisition as explained in the notes below and other adjustments directly attributable to the transactions and factually supportable.

Pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows of the Group

The pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows of the Group have been prepared based on the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 30 June 2014, which have been extracted from the annual report of the Company for the year then ended, with the pro forma adjustments relating to the Disposal and Acquisition, which include, amongst others, the exclusion of the results and the exclusion of cash flows attributable to the Disposal Target Group and the inclusion of the results and the inclusion of cash flows attributable to the Acquisition as explained in the notes below and other adjustments directly attributable to the transactions and factually supportable.

The Pro forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Company for the six months ended 31 December 2014 and the published annual report of the Company for year ended 30 June 2014 and other financial information included elsewhere in this circular.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2014

The Disposal and the Acquisition had been assumed to be completed on 31 December 2014 for the purposes of the pro forma consolidated statement of financial position.

	The Group as at as at 31 December 2014				The Group as at as at 31 December 2014 upon the completion of the Disposal			The Group as at as at 31 December 2014 upon the completion of the Disposal and Acquisition	
	Pro forma adjustments		Pro forma adjustments		Pro forma adjustments		Pro forma adjustments		
	HK\$'000 Note 1	HK\$'000 Note 2	HK\$'000 Note 3	HK\$'000 Note 4	HK\$'000 Note 5	HK\$'000 Note 6	HK\$'000 Note 7	HK\$'000	
Non-current assets									
Investment properties	250,140	(250,140)	-	-	-	-	500,000	500,000	
Property, plant and equipment	1,063	(1,002)	-	-	61	-	-	61	
Available-for-sale investments	11,557	-	-	-	11,557	-	-	11,557	
Pledged bank deposits	50,580	(50,580)	-	-	-	-	-	-	
Deposit	-	-	-	-	-	10	10	(20)	
Deposit placed for a life insurance policy	20,803	-	-	-	20,803	-	-	20,803	
	334,143	(301,722)	-	-	32,421	10	10	499,980	532,421

APPENDIX V

**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP AND THE ENLARGED GROUP**

	The Group as at as at 31 December 2014				The Group as at as at 31 December 2014 upon the completion of the Disposal				The Group as at as at 31 December 2014 upon the completion of the Disposal and Acquisition			
	Pro forma adjustments		Pro forma adjustments		Pro forma adjustments		Pro forma adjustments		Pro forma adjustments		Pro forma adjustments	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12
Current assets												
Properties held for sale	710,408	(710,408)	-	-	-	-	-	-	-	-	-	-
Other receivables, deposits and prepayments	15,045	(13,325)	-	-	1,720	-	-	-	-	-	-	1,720
Amounts due from fellow subsidiaries	-	(46,588)	46,588	-	-	-	-	-	-	-	-	-
Amount due from a director	410	-	-	-	410	-	-	-	-	-	-	410
Bank balances and cash	148,531	(5,151)	1,062,022	-	1,205,402	-	-	(498,806)	-	-	-	706,596
	<u>874,394</u>	<u>(775,472)</u>	<u>1,108,610</u>	<u>-</u>	<u>1,207,532</u>	<u>-</u>	<u>-</u>	<u>(498,806)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>708,726</u>
Current liabilities												
Other payables and accrued charges	115,218	(33,508)	-	-	81,710	20	21	-	-	-	-	81,751
Amount due to an intermediate holding company	-	(138,700)	138,700	-	-	-	-	-	-	-	-	-
Amount due to a director of subsidiaries	110	-	-	-	110	-	-	-	-	-	-	110
Amount due to a shareholder	19,410	-	-	-	19,410	-	-	-	-	-	-	19,410
Provision for litigations	10,690	(8,000)	-	15,000	17,690	-	-	-	-	-	-	17,690
Bank overdrafts	58,666	(58,666)	-	-	-	-	-	-	-	-	-	-
Secured bank borrowings	756,978	(724,978)	-	-	32,000	-	-	-	-	-	-	32,000
	<u>961,072</u>	<u>(963,852)</u>	<u>138,700</u>	<u>15,000</u>	<u>150,920</u>	<u>20</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,961</u>
Net current liabilities	<u>(86,678)</u>	<u>188,380</u>	<u>969,910</u>	<u>(15,000)</u>	<u>1,056,612</u>	<u>(20)</u>	<u>(21)</u>	<u>(498,806)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>557,765</u>
	<u>247,465</u>	<u>(113,342)</u>	<u>969,910</u>	<u>(15,000)</u>	<u>1,089,033</u>	<u>(10)</u>	<u>(11)</u>	<u>1,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,186</u>
Capital and reserves												
Share Capital	10,952	-	-	-	10,952	-	-	-	-	-	-	10,952
Reserves	222,402	-	856,568	(15,000)	1,063,970	(10)	(11)	1,174	-	-	-	1,065,123
	<u>233,354</u>	<u>-</u>	<u>856,568</u>	<u>(15,000)</u>	<u>1,074,922</u>	<u>(10)</u>	<u>(11)</u>	<u>1,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076,075</u>
Non-current liability												
Convertible redeemable preference shares	14,111	-	-	-	14,111	-	-	-	-	-	-	14,111
	<u>247,465</u>	<u>-</u>	<u>856,568</u>	<u>(15,000)</u>	<u>1,089,033</u>	<u>(10)</u>	<u>(11)</u>	<u>1,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,186</u>

**PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 30 June 2014

The Disposal and the Acquisition had been assumed to be completed on 1 July 2013 for the purposes of the pro forma consolidated statement of profit or loss and other comprehensive income.

	The Group					The Group					The Group
	for the year					for the year					for the year
	ended					ended					ended
	30 June					30 June					30 June
	2014					2014 upon					2014 upon
	Pro forma adjustments					Pro forma adjustments					Acquisition
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 8	Note 9	Note 10	Note 11	Note 4	Note 5	Note 6	Note 12			
Turnover	330	(330)	-	-	-	-	-	-	-	-	
Cost of sales	-	-	-	-	-	-	-	-	-	-	
Gross profit	330	(330)	-	-	-	-	-	-	-	-	
Other income	272,938	(5,827)	-	-	-	267,111	-	-	-	267,111	
Administrative expenses	(50,228)	31,384	-	-	(15,000)	(33,844)	(5)	(5)	-	(33,854)	
Fair value change of											
investment properties	(4,360)	4,360	-	-	-	-	-	-	1,163	1,163	
Gain on disposal of subsidiaries	-	-	-	767,844	-	767,844	-	-	-	767,844	
Finance costs	(23,185)	14,571	-	-	-	(8,614)	-	-	-	(8,614)	
Reversal of impairment											
Reversal of impairment loss											
in respect of amounts											
due from group companies	-	(528,518)	528,518	-	-	-	-	-	-	-	
Profit for the year	<u>195,495</u>	<u>(484,360)</u>	<u>528,518</u>	<u>767,844</u>	<u>(15,000)</u>	<u>992,497</u>	<u>(5)</u>	<u>(5)</u>	<u>1,163</u>	<u>993,650</u>	
Other comprehensive expense											
Exchange difference arising											
on translation	(29)	-	-	-	-	(29)	-	-	-	(29)	
Fair value loss on available-for-											
sale investment	(1,117)	1,117	-	-	-	-	-	-	-	-	
Other comprehensive expense											
for the year	(1,146)	1,117	-	-	-	(29)	-	-	-	(29)	
Total comprehensive income											
for the year	<u>194,349</u>	<u>(483,243)</u>	<u>528,518</u>	<u>767,844</u>	<u>(15,000)</u>	<u>992,468</u>	<u>(5)</u>	<u>(5)</u>	<u>1,163</u>	<u>993,621</u>	

PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

The Disposal and the Acquisition had been assumed to be completed on 1 July 2013 for the purposes of the pro forma consolidated statement of cash flows.

	The Group					The Group			The Group		
	for the year ended 30 June 2014					for the year ended 30 June 2014 upon the completion of the Disposal			for the year ended 30 June 2014 upon the completion of the Disposal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 8	Note 9	Note 10	Note 11	Note 4	Note 5	Note 6	Note 12			
Operating activities											
Profit for the year	195,495	(484,360)	528,518	767,844	(15,000)	992,497	(5)	(5)	1,163	993,650	
Adjustments for:											
Depreciation of property, plant and equipment	2,538	(385)	-	-	-	2,153	-	-	-	2,153	
Interest expenses	23,185	(14,571)	-	-	-	8,614	-	-	-	8,614	
Interest income	(869)	855	-	-	-	(14)	-	-	-	(14)	
Fair value change on investment properties	4,360	(4,360)	-	-	-	-	-	-	(1,163)	(1,163)	
Premium charged on a life insurance policy	876	(874)	-	-	-	2	-	-	-	2	
Gain on disposal of subsidiaries	-	-	-	(767,844)	-	(767,844)	-	-	-	(767,844)	
Gain on disposal of property, plant and equipment	(265,555)	-	-	-	-	(265,555)	-	-	-	(265,555)	
Reversal of impairment loss in respect of amounts due from group companies	-	528,518	(528,518)	-	-	-	-	-	-	-	
Operating cash flows before movements in working capital	(39,970)	24,823	-	-	(15,000)	(30,147)	(5)	(5)	-	(30,157)	
(Increase) decrease in other receivables, deposits and prepayments	(867)	1,245	-	-	-	378	-	-	-	378	
(Decrease) increase in other payables and accrued charges	(12,047)	15,977	-	-	15,000	18,930	-	-	-	18,930	
Increase in amount due from a fellow subsidiary of Afar Success Limited and Acme Elite Limited	-	-	-	-	-	-	5	5	-	10	
Net cash (used in) from operating activities	(52,884)	42,045	-	-	-	(10,839)	-	-	-	(10,839)	

APPENDIX V

UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP AND THE ENLARGED GROUP

	The Group for the year ended 30 June 2014					The Group for the year ended 30 June 2014 upon the completion of the Disposal			The Group for the year ended 30 June 2014 upon the completion of the Disposal	
	HK\$'000	HK\$'000	Pro forma adjustments		HK\$'000	HK\$'000	Pro forma adjustments		HK\$'000	HK\$'000
	Note 8	Note 9	Note 10	Note 11	Note 4	Note 5	Note 6	Note 12		
Investing activities										
Proceed from disposal of property, plant and equipment	336,571	-	-	-	-	336,571	-	-	-	336,571
Proceed from disposal of subsidiaries	-	-	-	937,493	-	937,493	-	-	-	937,493
Interest received	28	(14)	-	-	-	14	-	-	-	14
Purchase of property, plant and equipment through acquisition of subsidiaries	(17)	-	-	-	-	(17)	-	-	-	(17)
Purchase of investment properties	-	-	-	-	-	-	-	-	(498,806)	(498,806)
Placement of pledged bank deposits	(10)	10	-	-	-	-	-	-	-	-
Decrease in amount due from an intermediate holding company	-	(2,239)	2,239	-	-	-	-	-	-	-
Increase in amount due from immediate holding company	-	978,757	(978,757)	-	-	-	-	-	-	-
Decrease in amounts due from fellow subsidiaries	-	(103,181)	103,181	-	-	-	-	-	-	-
Advance to a director	(2,231)	-	-	-	-	(2,231)	-	-	-	(2,231)
Net cash from (used in) investing activities	334,341	873,333	(873,337)	937,493	-	1,271,830	-	-	(498,806)	773,024
Financing activities										
Advance from an intermediate holding company	-	(902,219)	902,219	-	-	-	-	-	-	-
Repayment of bank borrowings	(131,110)	46,468	-	-	-	(84,642)	-	-	-	(84,642)
Interest paid	(21,731)	14,571	-	-	-	(7,160)	-	-	-	(7,160)
Repayment to directors of subsidiaries	(234,753)	-	-	-	-	(234,753)	-	-	-	(234,753)
Net cash used in financing activities	(387,594)	(841,180)	902,219	-	-	(326,555)	-	-	-	(326,555)
Net (decrease) increase in cash and cash equivalents	(106,137)	74,198	28,882	937,493	-	934,436	-	-	(498,806)	435,630
Cash and cash equivalents at beginning of the year	87,199					87,199				87,199
Effect of foreign exchange rate changes	(31)					(31)				(31)
Cash and cash equivalents at end of the year	(18,969)					1,021,604				522,798
Analysis of the balances of cash and cash equivalents										
Bank balances and cash	19,929					1,023,151				524,345
Bank overdrafts	(38,898)					(1,547)				(1,547)
	(18,969)					1,021,604				522,798

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (1) Amounts extracted from the published unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2014.
- (2) The adjustment represents the exclusion of the assets and liabilities of the Disposal Target Group as if the Disposal had taken place on 31 December 2014. The assets and liabilities of the Disposal Target Group as at 31 December 2014 have been extracted from the unaudited combined statements of financial position of the Disposal Target Group as at 31 December 2014 set out in Appendix II to this Circular with the adjustment as below:

	Combined Disposal Target Group as at 31 Decemehr 2014 <i>HK\$'000</i> <i>Note a</i>	Adjustment <i>HK\$'000</i> <i>Note b</i>	Adjusted Combined Disposal Target Group as at 31 Decemehr 2014 <i>HK\$'000</i>
Non-current assets			
Investment properties	250,140	–	250,140
Property, plant and equipment	1,002	–	1,002
Available-for-sale investments	11,557	(11,557)	–
Pledged bank deposits	50,580	–	50,580
Deposit placed for a life insurance policy	<u>20,803</u>	<u>(20,803)</u>	<u>–</u>
	<u>334,082</u>	<u>(32,360)</u>	<u>301,722</u>
Current assets			
Properties held for sale	710,408	–	710,408
Other receivables, deposits and prepayments	13,325	–	13,325
Amounts due from fellow subsidiaries	14,228	32,360	46,588
Bank balances and cash	<u>5,151</u>	<u>–</u>	<u>5,151</u>
	<u>743,112</u>	<u>32,360</u>	<u>775,472</u>

APPENDIX V

**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP AND THE ENLARGED GROUP**

	Combined Disposal Target Group as at 31 Decemebr 2014 <i>HK\$'000</i> <i>Note a</i>	Adjustment <i>HK\$'000</i> <i>Note b</i>	Adjusted Combined Disposal Target Group as at 31 Decemebr 2014 <i>HK\$'000</i>
Current liabilities			
Other payables and accrued charges	33,508	–	33,508
Amount due to an intermediate holding company	138,700	–	138,700
Provision for litigations	8,000	–	8,000
Bank overdrafts	58,666	–	58,666
Secured bank borrowings	<u>724,978</u>	<u>–</u>	<u>724,978</u>
	<u>963,852</u>	<u>–</u>	<u>963,852</u>
Net current liabilities	(220,740)	32,360	(188,380)
Net asset	<u>113,342</u>	<u>–</u>	<u>113,342</u>

Notes:

- (a) The amounts are extracted from the unaudited combined statement of financial position of the Disposal Target Group as at 31 December 2014 set out in Appendix II to this Circular.
- (b) The adjustment represents the transfer of available-for-sale investments and deposit placed for a life insurance policy to the company controlled by Paladin Limited (other than Disposal Target Group) before the completion of the Disposal pursuant to the Peak Road Sale and Purchase Agreement dated 17 June 2015.

- (3) The adjustment represents the pro forma gain on the Disposal as if the Disposal was completed and the Group's control over the Disposal Target Group were lost on 31 December 2014 calculated as follows:

	<i>HK\$'000</i>
Consideration (<i>note a</i>)	1,825,000
Estimated costs directly attributable to the Disposal (<i>note b</i>)	(38,000)
Less: Adjustment on Closing Bank Loans (<i>note c</i>)	<u>(724,978)</u>
	1,062,022
Carrying amount of net assets of the Disposal Target Group (<i>note d</i>)	(113,342)
Carrying amount of Sale Loan (<i>note d</i>)	<u>(92,112)</u>
Pro forma gain on the Disposal attributable to owners of the Company	<u><u>856,568</u></u>

Notes:

- (a) Pursuant to the Peak Road Sale and Purchase Agreement dated 17 June 2015 (the "Peak Road SPA"), the total consideration is HK\$1,825,000,000.
- (b) The estimate direct costs and expenses to be incurred in connection with the Disposal is assumed to be approximately HK\$38,000,000, and the actual costs of the Disposal is subject to change at Completion Date.
- (c) The amount represents secured bank borrowings of the Disposal Target Group as at 31 December 2014. Pursuant to the Peak Road SPA, the aggregate amount of secured bank borrowing shall be paid by Equal Force Limited out of the total consideration.
- (d) The amounts are extracted from the unaudited combined statement of financial position of the Disposal Target Group as at 31 December 2014 set out in Appendix II to this Circular after adjusting the transfer of available-for-sale investments and deposit paid for a life insurance policy (note 2). The Sale Loan represents the loans owing by each of the Disposal Target Companies to the Company (comprising amounts due from fellow subsidiaries of HK\$46,588,000 and amount due to an intermediate holding company of HK\$138,700,000 as at 31 December 2014) which will be waived pursuant to the Peak Road SPA.
- (4) In accordance with the terms of the Peak Road SPA, the Remaining Group (as defined as the Company and its subsidiaries excluding the Disposal Target Group) agrees that it will settle financial obligations (up to an amount of not more than HK\$15,000,000) arising from outstanding litigation(s) instituted against the Disposal Target Group as of the Disposal Closing Date.

- (5) The adjustment represents the inclusion of the assets and liabilities and its results and cash flows of Acme Elite Limited as if the Acquisition had taken place on 31 December 2014 for the purpose of preparing pro forma consolidated statement of financial position or 1 July 2013 for the purpose of preparing pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows. The assets and liabilities of Acme Elite Limited as at 31 December 2014 and the results for the year ended 30 June 2014 has been extracted from Accountants' Report of Acme Elite Limited set out in Appendix IV to this Circular.
- (6) The adjustment represents the inclusion of the assets and liabilities and its results and cash flows of Afar Success Limited as if the Acquisition had taken place on 31 December 2014 for the purpose of preparing pro forma consolidated statement of financial position or 1 July 2013 for the purpose of preparing pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows. The assets and liabilities of Afar Success Limited as at 31 December 2014 and the results for the year ended 30 June 2014 has been extracted from Accountants' Report of Afar Success Limited set out in Appendix IV to this Circular.
- (7) Pursuant to the Sales and Purchase Agreement for the acquisition of Afar Success Limited and Acme Elite Limited dated 30 July 2015, the total consideration is HK\$498,806,000 of which HK\$493,290,000 will be paid to property vendor to satisfy remaining consideration of the acquisition of those properties under the provisional agreements for sales and purchase dated 22 February 2013 entered by Afar Success Limited and Acme Elite Limited with City Plan Limited. Pursuant to the valuation report of the acquired properties in Appendix VI, the market value of these properties is HK\$500,000,000 as at 31 May 2015. The directors assume that the fair value of these properties as at 31 December 2014 approximate to the fair value as at 31 May 2015. Thus, a gain of HK\$1,153,000 is recognised in profit or loss as if the Acquisition was completed and the Group's control over the properties was gained on 31 December 2014.
- (8) Amounts extracted from the published audited consolidated financial statements of the Group for the year ended 30 June 2014.
- (9) The adjustment represents the exclusion of the results and cash flows attributable to the Disposal Target Group for the year ended 30 June 2014, as extracted from the unaudited combined financial statement of profit or loss and other comprehensive income and unaudited combined statement of cash flows of the Disposal Target Group as at 30 June 2014 set out in Appendix II to this Circular as if the Disposal had taken place on 1 July 2013.
- (10) The adjustment represents the elimination of reversal of impairment loss in respect of amounts due from group companies of the Disposal Target Group and cash flows with an intermediate holding company, immediate holding company and fellow subsidiaries since the Disposal Target Group is no longer the subsidiaries of the Remaining Group as if the Disposal had been taken place on 1 July 2013.

- (11) The adjustment represents the pro forma gain on the Disposal as if the Disposal was completed and the Group's control over the Disposal Target Group was lost on 1 July 2013 calculated as follows:

	<i>HK\$'000</i>
Consideration (<i>note a</i>)	1,825,000
Estimated costs directly attributable to the Disposal (<i>note b</i>)	(38,000)
Less: Adjustment on Closing Bank Loans (<i>note c</i>)	<u>(794,908)</u>
	992,092
Carrying amount of net liabilities of the Disposal Target Group (<i>note d</i>)	349,642
Carrying amount of Sale Loan (<i>note d</i>)	<u>(573,890)</u>
Pro forma gain on the Disposal attributable to owners of the Company	<u><u>767,844</u></u>

Notes:

- (a) Pursuant to the Peak Road SPA, the total consideration is HK\$1,825,000,000.
- (b) The estimate direct costs and expenses to be incurred in connection with the Disposal is assumed to be approximately HK\$38,000,000, and the actual costs of the Disposal is subject to change at Completion Date.
- (c) The amount represents secured bank borrowings of the Disposal Target Group as at 1 July 2013. Pursuant to the Peak Road SPA, the aggregate amount of secured bank borrowing shall be paid by Equal Force Limited out of the total consideration.
- (d) The amounts are extracted from the unaudited combined statement of financial position of the Disposal Target Group as at 30 June 2013 set out in Appendix II to this Circular after adjusting the transfer of available-for-sale investments and deposit paid for a life insurance policy. The Sale Loan represents the loans owing by each of the Disposal Target Companies to the Company (comprising amounts due from fellow subsidiaries of HK\$34,959,000 amount due to an intermediate holding company of HK\$133,726,000 and amounts due to fellow subsidiaries of HK\$475,123,000 as at 1 July 2013) which will be waived pursuant to the Peak Road SPA.
- (12) Pursuant to the Sales and Purchase Agreement for the acquisition of Afar Success Limited and Acme Elite Limited dated 30 July 2015, the total consideration is HK\$498,806,000 of which HK\$493,290,000 will be paid to property vendor to satisfy remaining consideration of the acquisition of those properties under the provisional agreements for sales and purchase dated 22 February 2013 entered by Afar Success Limited and Acme Elite Limited with City Plan Limited. Pursuant to the valuation report of the acquired properties in Appendix VI, the market value of these properties is HK\$500,000,000 as at 31 May 2015. The directors assume that the fair value of these properties as at 30 June 2014 approximate to the fair value as at 31 May 2015. A change in fair value of investment properties of HK\$1,163,000 is recognised in profit or loss as if the Acquisition was completed and the Group's control over the properties was gained on 1 July 2013.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE REMAINING GROUP AND THE ENLARGED GROUP**

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the Company's independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF PALADIN LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Paladin Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2014, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2014, the unaudited pro forma consolidated statement of cash flows for the year ended 30 June 2014 and related notes as set out on pages 163 to 173 of the circular issued by the Company dated 25 August 2015 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages 163 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed very substantial disposal of the entire equity interest of (i) Paladin Leisure Limited, (ii) Gainbest Venture Limited, (iii) Perfect Place Limited, (iv) Bowen Hill Limited (v) Oasis Trade Global Limited, (vi) Alpard Limited, (vii) Venus Fortune Limited, (viii) Wayguard Limited, (ix) World Modern International Limited, (x) Petersham Limited and (xi) Holyrood Limited (collectively referred to as the “Disposal Target Group”) and the proposed very substantial acquisition of the entire equity interest of Afar Success Limited and Acme Elite Limited on the Group's financial position as at 31 December 2014 and the Group's financial performance and cash flows for the year ended 30 June 2014 as if the transactions had taken place at 31 December 2014 and 1 July 2013 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's

condensed consolidated financial statements for the six months ended 31 December 2014 and consolidated financial statements for the year ended 30 June 2014, on which a report on review of condensed consolidated financial statements and an independent auditor's report have been published respectively.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken as at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 December 2014 or 1 July 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2015

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent property valuer, in connection with their valuation as at 9 July 2015 of the AXA Properties.



Knight Frank Petty Limited
4/F, Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

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F +852 2840 0600
www.knightfrank.com

25 August 2015

The Directors
Paladin Limited
Suite 2304, 23rd Floor
Sun Life Tower, The Gateway
Harbour City, Tsimshatsui
Kowloon

Dear Sirs

Valuation in respect of the whole of 20th and 21st Floors and car parking spaces Nos 414-420 on the 4th Floor, AXA Centre, No 151 Gloucester Road, Wan Chai, Hong Kong (the "Property")

In accordance with the instructions from Paladin Limited (the "**Company**") to value the Property, we confirm that we have carried out external inspection, made relevant enquiries and carried out searches and obtain such further information as we consider necessary for the purpose of providing you with our opinion of market value of the Property in its existing state as at 9 July 2015 (the "**Valuation Date**") for purpose of disclosure in a public circular.

BASIS OF VALUATION

In arriving at our opinion of market value, we followed the HKIS Valuation Standards (2012 Edition) issued by the Hong Kong Institute of Surveyors (HKIS). Under the said standards, Market Value is defined as:–

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of an asset or liability is also estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In undertaking the valuation, we have regarded the requirements contained in the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHODOLOGIES

The Property is currently held for investment purpose. We have prepared our valuation of the Property by “Direct Comparison Approach” by making reference to sales evidence as available in the market.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions:–

Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the Property by obtaining land search records from the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept a liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the Property was free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the Valuation Date.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, floor area, occupancies, incomes and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning this Property, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property or contained on the register of title. We assume that this information is complete and correct.

Inspection

We inspected the exterior and where possible, the interior of the Property on 14 July 2015. The inspection of the Property was undertaken by Ms Catherine Cheung, our Director of General Valuation Department. We have assumed in our valuation that the Property was in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the Valuation Date, unless otherwise stated.

Identity of Property to be valued

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property, identified by the property address in your instructions, is the property contained within our valuation report. If there is ambiguity as to the property address, or the extent of the Property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property. Our valuation has therefore been undertaken on the basis that the Property was in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property valued had been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

We enclose herewith our valuation.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Thomas H M Lam
FRICS MHKIS MCIREA MHKSI RPS(GP)
Senior Director,
Head of Valuation & Consultancy

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Catherine Cheung
MRICS MHKIS RPS(GP)
Director, General Valuation

Notes: Thomas H M Lam is a Chartered Surveyor who has extensive experiences in market research, valuation and consultancy in China, Hong Kong, Macau and Asia Pacific region (ex-Japan).

Catherine Cheung, MRICS MHKIS RPS(GP), has been a qualified valuer with Knight Frank since 1992 and has over 20 years' experience in the valuation of properties in Hong Kong.

VALUATION

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 9 July 2015
The whole of 20th and 21st Floors and car parking spaces Nos 414-420 on the 4th Floor, AXA Centre, No 151 Gloucester Road, Wan Chai, Hong Kong	AXA Centre is a 20-storey office tower over six levels (including a basement) of commercial/ carparking podium completed in 1982 and is situated in Wanchai district, Hong Kong. The locality is one of the popular commercial/residential areas in Hong Kong.	As per two copies of tenancy agreements provided by the Company, as at the Valuation Date, the office portion of the Property was subject to two tenancies both for terms of 2 years expiring in March 2017 yielding a total monthly rent of about	HK\$500,000,000 (Hong Kong Dollars Five Hundred Million)
7/113 of 132/2, 119th and 174/2, 119th shares of and in the Remaining Portion of Section A of the Inland Lot No 2755 and the Remaining Portion of the Inland Lot No 2755	The Property comprises the whole of two office floors on the 20th and 21st Floors and 7 open private car parking spaces on the 4th Floor of AXA Centre. The total saleable area of the office floors is approximately 23,760 sq ft (2,207.36 sq m) (excluding the car parking spaces) as measured from the registered assignment plans. Inland Lot No 2755 is held under a Government Lease for a term of 99 years renewable for 99 years commencing from 14 April 1928. The annual Government rent for the Remaining Portion of Section A of the Inland Lot No 2755 and the Remaining Portion of the Inland Lot No 2755 are HK\$158 and HK\$76 respectively.	HK\$1,368,000 exclusive of rates and service charges. Regarding the car parking spaces of the Property, they were let on monthly/hourly basis and we are advised that they will be sold on vacant possession basis.	

Notes:

- (1) The registered owner of the Property was City Plan Limited as at Valuation Date.
- (2) The Property was subject to the following encumbrances as at the Valuation Date as per the land search records:–
 - i. Deed of Mutual Covenant and Management Agreement vide memorial no UB3575200 dated 20 November 1987.

APPENDIX VI PROPERTY VALUATION REPORT OF THE AXA PROPERTIES

- ii. Modification Letter vide memorial no UB4500261 dated 31 July 1990.

 - iii. Sub-Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited as “CP Manager” vide memorial no UB6088028 dated 15 July 1994. (Re: For car parking spaces only)

 - iv. Memorandum (Change of Building Name) vide memorial no UB7826393 dated 20 July 1999.

 - v. Re-Registration of Supplemental Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited as “The CP Manager” vide memorial no 05101402110018 dated 18 May 1994 (previously registered by memorial no UB6012366).

 - vi. Mortgage to secure all moneys in respect of general banking facilities granted in favour of the HongKong and Shanghai Banking Corporation Limited vide memorial no 06091601310427 dated 28 August 2006.

 - vii. Rent Assignment in favour of the HongKong and Shanghai Banking Corporation Limited vide memorial no 06091601310437 dated 28 August 2006.

 - viii. Memorandum of Change of Name vide memorial no 11071302740185 dated 11 July 2011.
- (3) The Property was situated within an area zoned for ‘Commercial’ uses under the draft Wan Chai Outline Zoning Plan No S/H5/27 exhibited on 3 August 2012 as at the Valuation Date.

**A) MANAGEMENT DISCUSSION AND ANALYSIS OF THE ACQUISITION TARGET
COMPANIES**

As at the Latest Practicable Date, each of Acquisition Target Company 1 and Acquisition Target Company 2 does not have any operation since its incorporation on 6 February 2013 and 7 February 2013 respectively. The Acquisition Target Companies were incorporated for the purpose of holding the rights to acquire interests in the AXA Properties.

**B) UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME IN RELATION TO THE AXA PROPERTIES**

Set out below are the unaudited statements of profit or loss and other comprehensive income in relation to the AXA Properties for the period from 6 February 2013 to 30 June 2013, and each of the two years ended 30 June 2014 and 30 June 2015 which have been compiled based on the management accounts of the companies holding the AXA Properties.

	Period from 6 February 2013 to 30 June 2013 HK\$	Year ended 30 June 2014 HK\$	Year ended 30 June 2015 HK\$
Turnover (<i>Note a</i>)	2,695,601	9,435,092	10,638,226
Cost of sales	<u>–</u>	<u>–</u>	<u>–</u>
Gross profit	2,695,601	9,435,092	10,638,226
Administrative expenses (<i>Note b</i>)	<u>793,767</u>	<u>1,891,503</u>	<u>2,056,254</u>
Profit and total comprehensive income for the period/year	<u><u>1,901,834</u></u>	<u><u>7,543,589</u></u>	<u><u>8,581,972</u></u>

Note a: The turnover comprised of rental income and management fee income from the leasing of the AXA Properties.

The monthly rental income and management fee income from the leasing of the AXA Properties for February, March, and June 2013 was approximately HK\$750,000, HK\$933,000 and HK\$933,000, respectively. For April and May 2013 which were rent-free period, only management fee income of approximately HK\$40,000 was recorded.

The monthly rental income and management fee income from the leasing of the AXA Properties was approximately HK\$933,000 from July to August 2013, and increased to approximately HK\$936,000 for the period from September 2013 to June 2014, except for April and May 2014 which were rent-free period in which only monthly management fee income of HK\$42,000 was recorded.

The monthly rental income and management fee income from the leasing of the AXA Properties from July 2014 to March 2015 was approximately HK\$936,000. For April 2015 and one half of May 2015, only management fee of approximately HK\$42,000 and HK\$72,000, respectively, was recorded as these months represented rent-free period. The monthly rental income and management fee was increased to approximately HK\$1,429,715 from mid May 2015.

Note b: Administrative expenses comprise mainly government rates and rent, and management fees in relation to the AXA Properties.

Dr. Au Chik Lam Alexander (“**Dr. Au**”), aged 71, was appointed as an independent non-executive director and a member of the audit committee, remuneration committee and nomination committee of the Company with effect from 27 February 2015. Dr. Au was appointed as the chairman of the audit committee and the remuneration committee of the Company with effect from 31 July 2015.

Dr. Au holds a Bachelor of Science degree in electrical engineering from The University of California, Los Angeles, a Master of Science degree and a Doctor of Philosophy in electrical engineering from Stanford University. Dr. Au has worked in technology industries in the United States and Taiwan for many years. He is the founder and Chief Executive Officer of a private company.

Save as disclosed above, Dr. Au has not held any other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas, and holds no other positions within the Company or other members of the Group.

No service contract has been entered into between Dr. Au and the Company in relation to his appointment. Dr. Au is entitled to a monthly director’s fee of HK\$20,000 which is determined by the Board with reference to his duties and responsibilities with the Company and the prevailing market conditions.

Dr. Au currently has no fixed term of service with the Company and is subject to retirement by rotation and re-election at the SGM in accordance with the Bye-laws of the Company.

Dr. Au does not have any relationship with other directors, senior management, substantial or controlling shareholders of the Company and he does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there are no other matters relating to the appointment of Dr. Au that need to be brought to the attention of the shareholders of the Company and there is no other information that should be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

(I) RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

(II) DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Ordinary Shares of HK\$0.01 each of the Company (long position):

Name of Director	Capacity	Number of issued Ordinary Shares held	Percentage of issued Ordinary Shares held
Dr. Oung Shih Hua, James	Beneficial owner	7,000,000	0.64%

Preference Shares of HK\$0.01 each of the Company (long position):

Name of Director	Capacity	Number of issued Preference Shares held	Percentage of issued Preference Shares held
Dr. Oung Shih Hua, James	Beneficial owner	2,500,000	3.52%

Convertible Note issued by the Company (long position):

Name of noteholder	Date of issue	Conversion period	Conversion price per share HK\$	Outstanding as at the Latest Practicable Date	Number of underlying shares	Approximate percentage of the issued convertible notes	Percentage of issued Ordinary Shares
Dr. Oung Shih Hua, James	24 November 2014	24 November 2014 to 23 November 2024	0.25	3,500,000	3,500,000	1.13%	0.32%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred therein, or which were required, pursuant to the Model Code or Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

(III) INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, so far was known to any Director or chief executive of the Company and based on 1,095,377,500 Ordinary Shares and 71,033,529 Preference Shares in issue as at the Latest Practicable Date, the following persons (other than any Director or the chief executive of the Company) had an interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group:

Long position:

Name of Shareholder	Capacity	Number of issued Ordinary Shares held	Percentage of issued Ordinary Shares held
Basurto Holdings Limited (<i>Note a</i>)	Interest of a controlled corporation	508,848,531	46.45%
Cityguard Holdings Limited (<i>Note b</i>)	Beneficial owner	508,848,531	46.45%
Five Star Investments Limited (<i>Note c</i>)	Interest of a controlled corporation	508,848,531	46.45%
Gold Seal Holdings Limited (<i>Note d</i>)	Beneficial owner	94,789,336	8.65%
Next Level Corporate Limited (<i>Note e</i>)	Other (<i>Note e</i>)	508,848,531	46.45%
Mr. Oung Da Ming	Beneficial owner	50,000,000	4.56%
	Interest of a controlled corporation (<i>note a</i>)	508,848,531	46.45%
	Interest of a controlled corporation (<i>note d</i>)	94,789,336	8.65%
		<u>653,637,867</u>	<u>59.66%</u>

Name of Shareholder	Capacity	Number of Preference Shares held	Percentage of issued Preference Shares held
Goldenfield Equities Limited (<i>Note f</i>)	Beneficial owner	9,099,014	12.81%

Convertible Note issued by the Company:

Name of noteholder	Date of issue	Conversion period	Conversion price per share <i>HK\$</i>	Outstanding as at the Latest Practicable Date	Number of underlying shares	Approximate percentage of the issued convertible notes	Percentage of issued Ordinary Shares
Next Level Corporation Limited (<i>Note e</i>)	24 November 2014	24 November 2014 to 23 November 2024	0.25	200,000,000	200,000,000	64.74%	18.26%
Gold Seal Holdings Limited (<i>Note d</i>)	24 November 2014	24 November 2014 to 23 November 2024	0.25	63,569,605	63,569,605	20.58%	5.80%
Mr. Oung Da Ming	24 November 2014	24 November 2014 to 23 November 2024	0.25	25,000,000	25,000,000	8.09%	2.28%

Notes:

- Basurto Holdings Limited is 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%).
- Cityguard Holdings Limited, is a wholly-owned subsidiary of Five Star Investments Limited.
- Five Star Investments Limited is owned as to 67% by the estate of Ms. Oung Chin Liang Fung, grandmother of Dr. Oung Shih Hua, James, and 33% by Ms. Lilian Oung, his aunt.
- Gold Seal Holdings Limited is solely owned by Mr. Oung Da Ming.
- Next Level Corporate Limited is owned as 25% by Mr. Oung Da Ming, 25% by his son, Mr. Oung Shih How, 25% by Dr. Oung Shih Hua, James, and 25% by Anglo Chinese Nominees, Limited which holds its shares in Next Level Corporate Limited as bare trustee for Basurto Holdings Limited. Next Level Corporate Limited is the owner of equity derivatives relating to Ordinary Shares and a chargee of Ordinary Shares.
- Goldenfield Equities Limited is owned as to 40% by Ms. Lilian Oung, 40% by her son Mr. Chen Te Kuang, Mike, and 20% by Dr. Oung Shih Hua, James.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person so far as is known to the Directors and chief executives of the Company (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(IV) EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their advice or opinion(s) which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Knight Frank Petty Limited	Professional Valuer

Each of Deloitte Touche Tohmatsu and Knight Frank Petty Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report as set out in this circular and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Knight Frank Petty Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Knight Frank Petty Limited did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2014 (being the date to which the latest published audited accounts of the Group were made up).

(V) MATERIAL CONTRACTS

The following contracts (not being contracts entered into the ordinary course of business) have been entered into by the Group within the two years preceding the date of this circular and are or may be material:

- (a) the agreement dated 16 January, 2014 for the sale and purchase between Banhart Company Limited and Jiangxi Copper Hong Kong Company Limited (江西銅業香港有限公司) in relation to the disposal of office premise at Unit 01, 45th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong; and
- (b) the agreement dated 26 September, 2014 entered into between the Company and Gold Seal Holdings Limited relating to the underwriting of an open offer of convertible notes with an ordinary share alternative;
- (c) the instrument creating the convertible notes dated 24 November, 2014;
- (d) the administration agreement entered into between the Company, various wholly-owned subsidiaries of the Company and Anglo Chinese on 14 November 2014, as supplemented by a letter dated 3 December 2014 signed by Anglo Chinese and the Company;
- (e) the Peak Road SPA; and
- (f) the AXA Provisional Agreement and the AXA SPA.

Save as the aforesaid, no material contracts (not being contracts entered into the ordinary course of business) have been entered into by any member of the Group within the two years immediately preceding the date of this circular which are or may be material.

(VI) LITIGATION

For the purposes of the litigation statement only, the Enlarged Group includes the Disposal Target Group. As at Latest Practicable Date, the Enlarged Group had the following outstanding litigations. Except as disclosed in (a), (b) and (c) below, the Directors are of the opinion that the estimated contingent liabilities arising from the litigations cannot be reasonably ascertained at the current stage.

- (a) On 17 May 2006, Chinese Regency Limited (“**Chinese Regency**”) (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood Limited (“**Holyrood**”), a subsidiary of the Company, for a total sum of not less than HK\$5,760,000, claiming, amongst others, damages for breach of an agreement for sale and purchase of Flat B on the 5th Floor of Block A1 and the car parking space No. 5, Oasis located in Nos. 8, 10 and 12 Peak Road.

On 13 February 2014, Holyrood accepted Chinese Regency's sanctioned offer to settle the fitting claim for HK\$45,000. On 21 November 2014, Holyrood sent a Notice of Acceptance of Sanctioned Offer dated 30 October 2014 to Chinese Regency accepting its sanctioned offer of HK\$3,783,793 plus interest at 1% above HSBC Best Lending Rate from the date when the individual payments would have been paid by the tenant up to the date of payment, to settle Chinese Regency's nuisance claim.

On 5 December 2014, Holyrood effected payment of HK\$3,828,793 to Chinese Regency's Solicitors. On 3 February 2015, Holyrood effected payment of HK\$1,858,534.01, being interest on the HK\$3,783,793. On 23 June 2015, Holyrood and Chinese Regency agreed to settle the outstanding costs between the parties at HK\$500,000 and HK\$50,000 was paid to Chinese Regency's solicitors. The parties then signed a Consent Order, under which the action will be dismissed upon payment of HK\$450,000 out of Court to the Plaintiff. As at 30 June 2015, Holyrood did not have any outstanding financial obligations in this action.

- (b) On 1 June 2007, Gateway International Development Limited ("**Gateway**") (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood for a total sum of not less than HK\$5,105,000, claiming, among others, damages for breach of an agreement for sale and purchase of Flat A on the 6th Floor of Block A2 and the car parking space No. 51 located in Nos. 8, 10 and 12 Peak Road, breach of the Deed of Mutual Covenant and nuisance on the development. Judgment was handed down on 1 March 2012 against Holyrood. Holyrood was ordered to pay Gateway the sum of HK\$4,967,189 plus interest. The judge also made a costs order nisi that Holyrood shall pay the legal costs of Gateway on an indemnity basis. Holyrood filed a notice of appeal against the judgment. The appeal was heard on 25 and 26 June 2013. On 11 October 2013, the Court of Appeal delivered judgment dismissing the appeal as regards liability but allowing the appeal as regards quantum (the "**Appeal Judgment**"). Holyrood was ordered to pay half of Gateway's costs of appeal. On 13 May 2014, an application for leave to appeal was filed to the Appeal Committee of the Court of Final Appeal to seek leave of the Appeal Judgment. The leave application was heard on 6 October 2014 and leave was refused with indemnity costs awarded against Holyrood.

Pursuant to the Appeal Judgment, the damages awarded to Gateway were reduced to HK\$3,258,328.

During the year ended 30 June 2012, Holyrood paid a deposit of HK\$6,692,000 to the High Court, representing the aggregate of (i) the damages of HK\$4,967,000 and (ii) interest of HK\$1,725,000. The deposit was written off against the damages and interest expenses and charged to profit or loss during the year ended 30 June 2012. The legal costs of HK\$4,000,000 were also charged to profit or loss during the year ended 30 June 2012.

On 30 October 2014, the parties jointly applied for a Consent Order to pay out of Court: (i) HK\$5,016,910.24 to Gateway, being the judgment debt together with interest (calculated up to and inclusive of 28 May 2015) pursuant to the Appeal Judgment; and (ii) interest accrued on the payment into Court to Holyrood. On 18 November 2014, Holyrood received from the Court HK\$121,272.00, being interest on the payment into Court. On 19 November 2014, Gateway received HK\$5,016,910.24 from the Court being the judgment debt together with interest (calculated up to and inclusive of 28 October 2014). Holyrood paid a further sum of HK\$15,711.30, being interest on the judgment debt from 29 October 2014 to 19 November 2014. Holyrood remains liable to pay the legal costs of Gateway, the amount of which is pending further agreement between the parties or subject to taxation by the Court.

- (c) On 1 June 2007, Sun Crown Trading Limited (“**Sun Crown**”) (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood for a total sum of not less than HK\$5,091,500, claiming, among others, damages for breach of an agreement for sale and purchase of Flat B on the 6th Floor of Block A2 and the car parking spaces Nos. 47 and 48 located in Nos. 8, 10 and 12 Peak Road, breach of the Deed of Mutual Covenant and nuisance on the development.

Judgment was handed down on 1 March 2012 against Holyrood. Holyrood was ordered to pay Sun Crown the sum of HK\$4,953,395 plus interest. The judge also made a costs order nisi that Holyrood shall pay the legal costs of Sun Crown on an indemnity basis.

Holyrood filed a notice of appeal against the judgment. The appeal was heard on 25 and 26 June 2013. On 11 October 2013, the Court of Appeal delivered judgment dismissing the appeal as regards liability but allowing the appeal as regards quantum (the “**Appeal Judgment**”). Holyrood was ordered to pay half of Sun Crown’s costs of appeal. On 13 May 2014, an application for leave to appeal was filed to the Appeal Committee of the Court of Final Appeal to seek leave of the Appeal Judgment. The leave application was heard on 6 October 2014 and leave was refused with indemnity costs awarded against Holyrood.

Pursuant to the Appeal Judgment, the damages awarded to Sun Crown were reduced to HK\$3,260,008.

During the year ended 30 June 2012, Holyrood paid a deposit of HK\$6,685,000 to the Court of Appeal, representing the aggregate of (i) the damages of HK\$4,953,000 and (ii) interest of HK\$1,732,000. The deposit was written off against the damages and interest expenses and charged to profit or loss during the year ended 30 June 2012. The legal cost of HK\$4,000,000 was also charged to profit or loss during the year ended 30 June 2012.

On 30 October 2014, the parties jointly applied for a Consent Order to pay out of Court: (i) HK\$5,019,633.96 to Sun Crown, being the judgment debt together with interest (calculated up to and inclusive of 28 October 2014) pursuant to the Appeal Judgment; and (ii) interest accrued on the payment into Court to Holyrood. On 18 November 2014, Holyrood received from the Court HK\$121,548.00, being interest on the payment into Court. On 19 November 2014, Sun Crown received HK\$5,019,633.96 from the Court being the judgment debt together with interest (calculated up to and inclusive of 28 October 2014). Holyrood paid a further sum of HK\$15,719.44, being interest on the judgment debt from 29 October 2014 to 19 November 2014. Holyrood remains liable to pay the legal costs of Sun Crown, the amount of which is pending further agreement between the parties or subject to taxation by the Court.

- (d) On 18 July 2011, Century Pacific Holdings Limited (“**Century Pacific**”) (of which the beneficial owners are independent third parties) issued a writ of summons against Holyrood for a total sum of not less than HK\$2,340,000, claiming, among others, damages for breach of an agreement for sale and purchase of Flat B on the 3rd Floor of Block A2 and the car parking space No. 38 located in Nos. 8, 10 and 12 Peak Road, breach of the Deed of Mutual Covenant and nuisance on the development. On 14 September 2012, Century Pacific filed a statement of claim. On 24 December 2012, Holyrood filed a defence and on 26 February 2013, Century Pacific filed their reply on the defence. On 15 May 2015, Century Pacific filed a Notice of Intention to Proceed. The litigation is still ongoing and there is no further update on the case up to the Latest Practicable Date.
- (e) On 28 October 2014, Chen Te Kuang Mike (“**Mike Chen**”) issued a writ of summons against Paladin, claiming for (i) repayment of HK\$10,500,000, being an alleged loan made to Magetta Co. Limited which Paladin undertook to repay and HK\$2,000,000, being an alleged loan made to the Company, and (ii) interest. On 27 January 2015, the Company filed a Defence and Counterclaim. The Company’s counterclaim is for Mike Chen’s breach of trust and/or his fiduciary duties owed to the Company. The Company claims, amongst others, for a sum of HK\$410,447 against Mike Chen. On 23 March 2015, Mike Chen filed his Reply and Defence to Counterclaim. The litigation is still ongoing and there is no further update on the case up to the Latest Practicable Date.
- (f) On 14 November 2014, a petition under section 724 of the Companies Ordinance was served on the Company, as first respondent, and Cityguard Holdings Limited, Five Star Investments Limited, Gold Seal Holdings Limited, Mr. Oung Da Ming, Dr. Oung Shih Hua, James, Mr. Yuen Chi Wah and Mr. Chan Chi Ho as second to eighth respondents. The petition was filed by Mr. Chen Te Kuang, Mike (as petitioner), a former Director who was removed from office by a resolution passed by the ordinary shareholders in general meeting held on 1 August 2014.

The petition is “On ground that members unfairly prejudiced” and in it the petitioner asserts among other things that Five Star Investments Limited and Gold Seal Holdings Limited, as well as Dr. Oung Shih Hua, James, have conducted the affairs of the Company in a manner unfairly prejudicial to the interests of other members of the Company, including the petitioner. The petitioner seeks orders to the following effect:-

- (i) proceedings are brought in the names of the Company and two of its subsidiaries against Oung Da Ming, Margaret Uon, Five Star, Cityguard Holdings Limited and/or Gold Seal Holdings Limited;
- (ii) the Company to set up a special committee to review the internal controls and risk management systems of the Company, such special committee to engage independent experts to assist it in reviewing the systems and identifying material weaknesses with recommended remedial actions;
- (iii) a receiver of the Company’s business is appointed until the special committee has completed its review and the recommended remedial actions, if any, are implemented;
- (iv) alternatively, the 4th to 8th respondents and their agents/associates be restrained from acting as directors and/or bank signatories of the Company and its subsidiaries until the special committee has completed its review and the recommended remedial actions, if any, are implemented;
- (v) damages (to be assessed), and any interest on those damages, be paid to the petitioner by any of the 2nd to 8th respondents as the Court thinks fit.

The Company is currently seeking legal advice in relation to the petition. The Company and the second to eighth respondents have filed defences to the allegations made. The court has ordered that the petitioner file witness statements in support of the petition by 24 September 2015. The respondents will file witness statements in opposition to the petition by 19 November 2015. There is to be a case management conference on 20 January 2016.

- (g) On 1 April 2015, Profit Strong International Limited (“**Profit Strong**”) issued a writ of summons against Wayguard Limited (“**Wayguard**”) claiming for, amongst others, (i) possession of Suite 2210 on the Twenty Second Floor of J Residence, No. 60 Johnston Road, Hong Kong (the “**Premises**”); (ii) the sum of HK\$250,600.00, being the outstanding arrears of rent when the writ was issued; (iii) further arrears of rent and/or mesne profits to be assessed from 11 April 2015 until vacant possession of the Premises is delivered to Profit Strong. On 9 April 2015, Wayguard paid the sum of HK\$252,600.00 to Profit Strong. Wayguard was not in a position to deliver vacant possession of the Premises to Profit Strong since Mike Chen was occupying the Premises unlawfully. On 6 May 2015, Profit Strong obtained judgment against

Wayguard. On 20 May 2015, Wayguard paid a further sum of HK\$42,387.20 to Profit Strong, as part payment of interest and the then outstanding arrears of rent and/or mesne profit due pursuant to the Judgment. As at 30 June 2015, Profit Strong was proceeding with the enforcement proceedings in order to obtain vacant possession of the Premises.

Save as disclosed in this sub-section, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

In accordance with the terms of the Peak Road SPA, the Remaining Group agrees that it will settle financial obligations (up to an amount of not more than HK\$15,000,000) arising from outstanding litigation(s) instituted against the Disposal Target Group as of the Disposal Closing Date.

(VII) GENERAL

- (a) As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company, or any other member of the Group, save for those expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 30 June 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up).
- (c) As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective close associates was interested in any business, apart from the Company's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Company's business.
- (d) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.
- (e) The company secretary of the Company is Mr. Chan Chi Ho, who is a fellow member of both The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He also is a member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

- (f) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (g) The principal place of business of the Company in Hong Kong is at Suite 2304, 23rd Floor, Sun Life Tower, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.
- (h) The English text of this circular shall prevail over its Chinese text.

(VIII) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal office of the Company, from 25 August 2015 to 9 September 2015 (both days inclusive):

- (a) Bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 30 June 2013 and 30 June 2014, respectively;
- (c) the material contracts referred to in the paragraph headed “(V) MATERIAL CONTRACTS” in this appendix;
- (d) a copy of each circular of the Company issued pursuant to the requirements of Chapter 14 and/or 14A of the Listing Rules since 30 June 2014;
- (e) the financial information of the Group, the text of which is set out in Appendix I of this circular;
- (f) the financial information of the Disposal Target Group, the text of which is set out in Appendix II of this circular;
- (g) the unaudited proforma financial information of the Remaining Group and the Enlarged Group, the text of which is set out in Appendix V of this circular;
- (h) the property valuation report of the Peak Road Property, the text of which is set out in Appendix III of this circular;
- (i) the accountant's report of the Acquisition Target Companies, the text of which is set out in Appendix IV of this circular;
- (j) the property valuation report of the AXA Properties, the text of which is set out in Appendix VI of this circular; and
- (k) the letters of consent referred to in the paragraph headed “Experts and Consents” in this appendix.

NOTICE OF SGM

PALADIN LIMITED

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

NOTICE IS HEREBY given that the Special General Meeting of the Company, excluding holders of the convertible redeemable preference shares of the Company, will be held at Antica Room, Hong Kong Gold Coast Hotel, 1 Castle Peak Road, Gold Coast, Hong Kong on Tuesday, 15 September 2015 at 11 a.m. for the purposes of considering and, if thought fit, passing, with or without amendments, the following ordinary resolutions:

ORDINARY RESOLUTIONS

- (1) “**THAT** the sale and purchase agreement dated 17 June 2015 entered into between Equal Force Limited and the Company (the “**Peak Road SPA**”), a copy of which is produced to this meeting and marked “A” and initialled by the chairman of this meeting for identification purposes, and the transactions contemplated thereunder and the execution, performance and implementation thereof and ancillary matters contemplated thereunder, be and are hereby confirmed, approved and ratified; and that the board of directors of the Company be and are hereby authorised on behalf of the Company to do all such acts and things, to sign, execute and deliver any agreements, deeds, instruments and any other documents, under hand or under seal, and to do such other things and take all such actions and arrangements as they may deem necessary, desirable, appropriate or expedient to give effect to or in connection with the Peak Road SPA and the transactions contemplated thereunder.”

- (2) “**THAT**, conditional on resolution (1) contained in this notice being duly passed as an ordinary resolution of the Company, the provisional sale and purchase agreement dated 10 July 2015 entered into between Focus Master Limited, CSI Properties Limited and the Company (the “**AXA Provisional Agreement**”), a copy of which is produced to this meeting and marked “B” and initialled by the chairman of this meeting for identification purposes, together with the formal agreement for sale and purchase dated 30 July 2015 entered into between Focus Master Limited, CSI Properties Limited and the Company (the “**AXA SPA**”), a copy of which is produced to this meeting and marked “C” and initialled by the chairman of this meeting for identification purposes (the AXA Provisional Agreement, together with the AXA SPA, collectively referred to as the “**AXA Agreements**”), and the transactions contemplated pursuant to the AXA Agreements and the execution, performance and implementation thereof and ancillary matters contemplated thereunder, be and are hereby confirmed, approved and ratified; and that the board of directors of the Company be and are hereby authorised on behalf of the Company to do all such acts and things, to sign, execute and deliver any agreements, deeds, instruments and any other documents, under hand or under seal,

NOTICE OF SGM

and to do such other things and take all such actions and arrangements as they may deem necessary, desirable, appropriate or expedient to give effect to or in connection with the AXA Agreements and the transactions contemplated thereunder.”

- (3) “**THAT** Dr. Au Chik Lam Alexander be and is hereby re-elected as an independent non-executive director of the Company.”

By order of the Board of
Paladin Limited
Chan Chi Ho
Company Secretary

Hong Kong, 25 August 2015

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. The proxy need not be a member of the Company but must attend the meeting in person to represent you.
2. The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of any officer or attorney duly authorised in writing.
3. In the case of joint registered holders of any ordinary shares in the Company, any one of such persons may vote at the meeting either personally or by proxy in respect of such shares but if more than one of such joint holders is present at the meeting personally or by proxy the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. 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 Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
5. Completion and return of a form of proxy will not preclude a holder of ordinary shares in the Company from attending and voting in person at the meeting or any adjourned meeting if that holder so wishes.