

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **PALADIN LIMITED**

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

### **ANNOUNCEMENT OF RESULTS OF A SUBSIDIARY, SENSORS INTEGRATION TECHNOLOGY LIMITED, FOR THE YEAR ENDED 30 JUNE 2015**

In accordance with the circular dated 8 June 2007, the board of directors (the “Board”) of Paladin Limited (“Paladin”) is pleased to announce the audited results of a wholly-owned subsidiary, Sensors Integration Technology Limited (the “Company”) and its subsidiaries (the “Group”), for the year ended 30 June 2015 together with comparative figures for the previous year as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 30 June 2015*

	<i>NOTES</i>	<b>2015</b>	2014
		<b><i>HK\$</i></b>	<i>HK\$</i>
Turnover	3	<b>1,165,476</b>	1,302,417
Other income, gains and losses	4	<b>(6,880,680)</b>	26,595
Administrative expenses		<b><u>(3,248,908)</u></b>	<u>(8,128,804)</u>
Loss for the year	8	<b>(8,964,112)</b>	(6,799,792)
<b>Other comprehensive income (expense)</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation		<b><u>2,317,577</u></b>	<u>(29,564)</u>
Total comprehensive expense for the year		<b><u><u>(6,646,535)</u></u></b>	<u><u>(6,829,356)</u></u>
Loss per share			
Basic	7	<b><u><u>(3.45) HK cents</u></u></b>	<u><u>(2.62) HK cents</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
Non-current assets		
Property, plant and equipment	<u>58,879</u>	<u>39,152</u>
Current assets		
Other receivables and prepayments	102,288	114,048
Amounts due from fellow subsidiaries	–	49,847,898
Bank balances and cash	<u>187,026</u>	<u>387,798</u>
	<u>289,314</u>	<u>50,349,744</u>
Current liabilities		
Other payables and accruals	7,344,225	7,850,969
Amount due to an intermediate holding company	82,287,185	11,675,281
Amount due to a fellow subsidiary	–	113,493,933
Amount due to a related party	150,311	231,323
Bank overdraft	<u>75,617</u>	<u>–</u>
	<u>89,857,338</u>	<u>133,251,506</u>
Net current liabilities	<u>(89,568,024)</u>	<u>(82,901,762)</u>
Net liabilities	<u><u>(89,509,145)</u></u>	<u><u>(82,862,610)</u></u>
Capital and reserves		
Share capital	2,597,634	2,597,634
Reserves	<u>(92,106,779)</u>	<u>(85,460,244)</u>
Deficiency of shareholder's fund	<u><u>(89,509,145)</u></u>	<u><u>(82,862,610)</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 June 2015*

## 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the articles of association of the Company amended on 8 June 2007, the consolidated financial statements for the year ended 30 June 2015 have been prepared solely for the information of the Company's directors and published in the website of the Stock Exchange.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the net current liabilities of approximately HK\$89,568,000 as at 30 June 2015 and a loss of approximately HK\$6,647,000 for the year then ended. Paladin has agreed to provide adequate funds for the Group to meet in full its financial obligations as they fall due for the foreseeable future.

Taking into account the available unutilised bank credit facility of Paladin and its subsidiaries (collectively the "Paladin Group") as at 30 June 2015 and the estimated proceeds which can be received from sales of developed properties of Paladin Group, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

\* IFRIC represents the International Financial Reporting Standards Interpretations Committee.

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **New and revised HKFRSs in issue but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory deferral accounts <sup>2</sup>
HKFRS 15	Revenue from contracts with customers <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>4</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle <sup>4</sup>
Amendments to HKAS 1	Disclosure initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>4</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

### **HKFRS 15 “Revenue from contracts with customers”**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

The core principles of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customers. Far more prescriptive guidance has been added in HKFRS 15 to deal with special scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors is in the process of making an assessment of the potential impact of the application of HKFRS 15 and it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been performed.

The directors of the Company do not anticipate that the application of the above new and revised HKFRSs will have a material impact on the Group’s consolidated financial statements.

### 3. TURNOVER

Turnover represents the amounts received or receivables for I.T. consultancy services provided during the year.

### 4. OTHER INCOME, GAINS AND LOSSES

	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
Interest income	<b>279</b>	1,018
Exchange gain	–	24,105
Write-off of amount due from a fellow subsidiary	<b>(6,880,959)</b>	–
Others	–	1,312
	<u>–</u>	<u>1,312</u>
	<b><u>(6,880,680)</u></b>	<b><u>26,595</u></b>

## 5. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reporting and operating segment focusing on provision of I.T. consultancy services. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the directors of the Company.

The directors of the Company review the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of the single reporting segment is presented.

## 6. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit in both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Income tax for the Group is calculated at the rate prevailing for the respective jurisdiction. During the year ended 30 June 2015 and 30 June 2014, the Group has a subsidiary in the USA which is liable for the corporate income tax at progressive tax rates for which the lowest tax rate is 15% in both years.

Taxation for the year can be reconciled to loss for the year per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Loss before taxation	<u><u>(8,964,112)</u></u>	<u><u>(6,799,792)</u></u>
Tax credit at Hong Kong Profits Tax rate of 16.5%	(1,479,078)	(1,121,966)
Tax effect of expenses not deductible for tax purposes	1,178,394	552,854
Tax effect of income not assessable for tax purposes	(9)	(219,287)
Tax effect of tax losses not recognised	273,357	716,726
Effect of different tax rate of subsidiaries operating in other jurisdictions	<u>27,336</u>	<u>71,673</u>
Taxation for the year	<u><u>-</u></u>	<u><u>-</u></u>

At 30 June 2015, the Group has unused tax losses of approximately HK\$34,187,000 (2014: HK\$32,365,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits streams. The unrecognised tax losses may be carried forward indefinitely.

**7. LOSS PER SHARE**

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	<b>2015</b>	2014
	<b><i>HK\$</i></b>	<i>HK\$</i>
Loss		
Loss for the purposes of basic loss per share	<u><u>(8,964,112)</u></u>	<u><u>(6,799,792)</u></u>

	<b>2015</b>	2014
Number of shares		
Number of shares for the purposes of basic loss per share	<u><u>259,763,430</u></u>	<u><u>259,763,430</u></u>

No diluted loss per share is presented as the Company did not have any potential dilutive ordinary shares outstanding during both years.

**8. DEPRECIATION**

Depreciation of property, plant and equipment for the year amounted to HK\$20,520 (2014: HK\$28,932).

## **DIVIDEND**

The Directors of the Company do not recommend the payment of a final dividend (2014: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The principal activity of the Company is the research and development of high technology systems and applications.

## **BUSINESS REVIEW AND PROSPECT**

The Company has planned to conduct research and development of digital camera, camcorder, surveillance, video capturing and processing technology. The income for the year ended 30 June 2015 was HK\$1 million.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2015, net current liabilities of the Company were approximately HK\$90 million. The current ratio was 0.003. The bank balances were approximately HK\$0.19 million.

As at 30 June 2015, the major outstanding liabilities of the Company were amount due to an intermediate holding company of approximately HK\$82 million and other payables and accruals of approximately HK\$7 million.

The majority of the Company's assets and borrowings are denominated either in Hong Kong dollars or US dollars thereby avoiding exposure to undesirable exchange rate fluctuations. In view of the stability of the exchange rate of HK dollars and US dollars, the directors consider that the Company has no significant exposure to exchange fluctuation and does not pledge against foreign exchange risk.

The Directors consider that it is not meaningful to publish a gearing ratio of the Company until such time the Company is in a positive shareholders' equity position.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

During the year ended 30 June 2015, the Company had no material acquisitions and disposals of subsidiaries.

As at 30 June 2015, the Company had no material investment.



## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2015, the Company employed total of 5 employees. They were remunerated according to market conditions.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement of the Company is available for viewing on the website of the Stock Exchange and on the website of Paladin Limited at <http://www.aplushk.com/clients/00642paladin/>. The annual report of the Company will be despatched to the holders of preference shares of Paladin Limited in due course.

By Order of the Board  
**Oung Shih Hua, James**  
*Director*

Hong Kong, 30 September 2015

*As at the date of this announcement, the Chairman and executive director of Paladin Limited is Dr. Oung Shih Hua, James; the non-executive directors of Paladin Limited are Mr. Yuen Chi Wah and Mr. Chan Chi Ho; and the independent non-executive directors of Paladin Limited are Dr. Au Chik Lam Alexander, Mr. Liu Man Kin Dickson and Professor Huang Weizong Martin.*