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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **PALADIN LIMITED**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or the transferee.

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PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

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

GENERAL MANDATES TO REPURCHASE AND ISSUE SECURITIES, RE-ELECTION OF RETIRING DIRECTORS, PROPOSED ADOPTION OF SHARE OPTION SCHEME, NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF CLASS MEETING

Separate notices convening the Annual General Meeting and the Class Meeting (as defined herein) are set out on pages 20 to 26 of this circular. Whether or not holders of Preference Shares (as defined herein) are able to attend the Class Meeting, they are requested to complete the enclosed yellow 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 Class Meeting. Completion and return of the yellow form of proxy will not prevent holders of Preference Shares from attending and voting in person at the Class Meeting or any adjournment of it if they so wish.

Whether or not holders of shares in the Company (as defined herein) other than holders of Preference Shares are able to attend the Annual General Meeting, they are requested to complete the enclosed white 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 Annual General Meeting. Completion and return of the white form of proxy will not prevent holders of shares in the Company generally from attending and voting in person at the Annual General Meeting or any adjournment of it if they so wish.

29 October 2015

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LETTER FROM THE BOARD

PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

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

Directors:

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

Mr. Chan Chi Ho[#]

Mr. Yuen Chi Wah[#]

Dr. Au Chik Lam Alexander^{*}

Mr. Liu Man Kin Dickson^{*}

Prof. Huang Weizong Martin^{*}

[#] *Non-Executive Director*

^{*} *Independent Non-Executive Directors*

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Head office and principal

place of business:

Suite 2304, 23rd Floor

Sun Life Tower

The Gateway

Harbour City

Tsim Sha Tsui

Kowloon

Hong Kong

29 October 2015

To Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND ISSUE SECURITIES,
RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED ADOPTION OF SHARE OPTION SCHEME,
NOTICE OF ANNUAL GENERAL MEETING
AND
NOTICE OF CLASS MEETING**

INTRODUCTION

At the annual general meeting of Paladin Limited (the "Company") to be held on 8 December 2015 (the "Annual General Meeting"), resolutions will be proposed (i) to grant to the directors of the Company ("Directors") a general mandate to issue shares of each class of existing securities; (ii) to grant to the Directors a general mandate to repurchase the Ordinary Shares (as hereinafter defined) of the Company; (iii) to re-elect retiring Directors and (iv) to adopt a share option scheme (the "Share Option Scheme"), a summary of the principal terms of which is set out in Appendix III of this circular. At the class meeting of the Company to be held on 8 December 2015 (the "Class Meeting"), a resolution will be proposed to grant to the directors of the Company a general mandate to issue shares of each class of existing securities.

LETTER FROM THE BOARD

This circular contains the explanatory statement in compliance with The Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and to give all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to approve the mandates to the Directors for the issue and allotment of new shares of the Company and the repurchase by the Company of its own shares and to approve the share option scheme.

GENERAL MANDATE TO ISSUE SHARES

Approval will be sought from shareholders of the Company to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with new shares in the capital of the Company amounting to up to 20% of the aggregate nominal amount of each class of securities of the Company in issue, including for the avoidance of doubt the convertible redeemable preference shares of HK\$0.01 each of the share capital of the Company (the “Preference Shares”), by way of an ordinary resolution to be proposed at the Annual General Meeting and the Class Meeting. The Directors wish to state that they have no immediate plans to issue any new shares pursuant to such general mandate. In the event that it becomes desirable for the Company to issue any new shares, the Directors are given flexibility and discretion to allot and issue new shares amounting to up to 20% of the aggregate nominal amount of each class of existing securities of the Company as at the date of the passing of the relevant resolution and by adding to such mandate the number of ordinary shares of HK\$0.01 each of the Company (the “Ordinary Shares”) repurchased by the Company pursuant to the Repurchase Mandate (as hereinafter defined).

As at 23 October 2015, the total numbers of issued Ordinary Shares and Preference Shares were 1,333,947,105 and 71,033,529 respectively. Subject to the passing and pursuant to the terms of the ordinary resolution regarding the general mandate to issue shares and on the basis that no further ordinary share and Preference Shares are issued or converted prior to the Annual General Meeting, the Company would be allowed under the general mandate to issue a maximum of 266,789,421 new Ordinary Shares and 14,206,705 new Preference Shares.

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to approve the granting of a general mandate to the Directors to exercise the powers of the Company to repurchase the Ordinary Shares representing up to a maximum of 10% of the aggregate nominal amount of the Ordinary Shares of the Company in issue as at the date of the passing of the relevant resolution (the “Repurchase Mandate”).

An explanatory statement as required under the Listing Rules to provide the requisite information for your consideration of the Repurchase Mandate is set out in Appendix I hereto.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Bye-law 99 of the Company’s Bye-laws, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation. Accordingly, Mr. Yuen Chi Wah and Prof. Huang Weizong Martin will retire by rotation at the Annual General Meeting.

LETTER FROM THE BOARD

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, Mr. Liu Man Kin Dickson will retire by rotation at the Annual General Meeting.

Prof. Huang Weizong Martin, Mr. Yuen Chi Wah and Mr. Liu Man Kin Dickson being eligible, had offered themselves for re-election at the Annual General Meeting. Details of such Directors are set out in Appendix II to this circular.

SHARE OPTION SCHEME

An ordinary resolution will be proposed at the Annual General Meeting to adopt the Share Option Scheme pursuant to which options to subscribe new Ordinary Shares may be issued.

The purpose of the Share Option Scheme is to provide the Group with a flexible means of giving incentives to and rewarding, and/or providing benefits to Eligible Participants (as defined in Appendix III) and to provide Eligible Participants with an opportunity to acquire a personal stake in the Group and to build a common objective of the Group and the Eligible Participants for the betterment of the business and profitability of the Group and Shareholders as a whole. Rule 17.02(1)(a) of the Listing Rules requires a share option scheme of a listed issuer such as the Company to be approved by the shareholders of the listed issuer in general meeting.

The Eligible Participants include, inter alia, any Director, employee, Substantial Shareholder (as defined in Schedule III), consultant and professional adviser of the Group (as defined in Schedule III). The Directors are of the view that, in addition to the employees of the Group (including directors), Substantial Shareholders, consultants, professional advisers, and others, are equally important to the long-term development of those businesses of the Group. Therefore, the Directors have decided to include those parties as Eligible Participants under the Share Option Scheme. The grant of Options to any of those Eligible Participants will be at the discretion of the Directors taking into account their contribution or potential contribution to the Group and there is no assurance that any of those Eligible Participants will be granted Options.

A summary of the principal terms of the Share Option Scheme is set out in Appendix III to this circular. A copy of the Share Option Scheme will be available for inspection during normal business hours at the principal place of business of the Company at Suite 2304, 23rd Floor, Sun Life Tower, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, from the date of this circular up to the date of the Annual General Meeting (both days inclusive) and at the Annual General Meeting.

The Share Option Scheme does not specify a minimum period for which an Option must be held or a performance target which must be achieved before an Option can be exercised. However, the rules of the Share Option Scheme give the Board discretion to impose such terms on the grant of an Option. The basis for determination of the subscription price is also specified in the rules of the Share Option Scheme.

LETTER FROM THE BOARD

The adoption of the Share Option Scheme is conditional upon: (1) the Shareholders passing an ordinary resolution to approve and adopt the Share Option Scheme; and (2) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Ordinary Shares to be issued pursuant to the exercise of Options. If the above conditions are not satisfied within three months after the date the of Annual General Meeting, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

The Company currently has no share option scheme in force. Based on the 1,333,947,105 Ordinary Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued Ordinary Share capital of the Company before the Annual General Meeting, the maximum number of Ordinary Shares that can be issued upon exercise of options that may be granted under the proposed Share Option Scheme, and any other share option scheme, is 133,394,710 Ordinary Shares, representing approximately 10% of the total number of Ordinary Shares in issue.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date as any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account that a number of variables which are crucial for the calculation of the Option value are not at present available. The value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options would not be meaningful and may be misleading.

Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Ordinary Shares that may be issued pursuant to the exercise of Options that may be granted under the Share Option Scheme. No Shareholder has a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

Taking into account that (i) Eligible Participants will be motivated to enhance the value of the Group and the Shares; (ii) subject to the restrictions under the Listing Rules, the Directors will have discretion to determine the grantees, the exercise price and other terms of the Options; (iii) the grant of Options will not impose any financial pressure on the Group; and (iv) the exercise of Options will increase the capital and liquid financial resources of the Company, the Directors are of the view that the terms of the Share Option Scheme are fair and reasonable and the adoption of the Share Option Scheme is in the interest of the Company and the Shareholders as a whole.

ANNUAL GENERAL MEETING AND CLASS MEETING

The notices convening the Annual General meeting and the Class Meeting are set out on pages 20 to 26 of this circular.

LETTER FROM THE BOARD

The forms of proxy for use at the Annual General meeting and the Class Meeting are enclosed. Whether or not you are able to attend the Annual General Meeting and/or the Class Meeting, you are requested to complete the relevant form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 48 hours before the time appointed for holding the Annual General Meeting and the Class Meeting. Completion and return of the relevant form of proxy will not preclude you from attending and voting at the Annual General Meeting or the Class Meeting (as the case may be) if you so wish.

VOTING AT THE ANNUAL GENERAL MEETING AND CLASS MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at a general meeting of the Company must be taken by poll. Therefore the chairman of the meetings will demand a poll on each of the resolutions put to vote at the Annual General Meeting and the Class Meeting. The results of the polls will be published on the websites of the Stock Exchange and the Company after the Annual General Meeting and the Class Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes 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: (i) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are formed on bases and assumptions that are fair and reasonable.

RECOMMENDATION

The Directors consider that the granting of general mandates to issue shares, the Repurchase Mandate, re-election of the retiring directors and adoption of the Share Option Scheme are each in the best interests of the Company and its shareholders, and accordingly, recommend all shareholders entitled to vote, to vote in favour of the resolutions to be proposed at the Annual General Meeting and the Class Meeting.

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,
For and on behalf of the Board
Oung Shih Hua, James
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the repurchase mandate.

1. SHARE CAPITAL

As at 23 October 2015 (the latest practicable date prior to the printing of this circular, the “Latest Practicable Date”), the issued ordinary share capital of the Company was HK\$13,339,471.05 divided into 1,333,947,105 Ordinary Shares.

Subject to the passing and pursuant to the terms of the ordinary resolution regarding the Repurchase Mandate and on the basis that no further Ordinary Shares are issued or repurchased prior to the Annual General Meeting to be held on 8 December 2015, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 133,394,710 Ordinary Shares.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders as a whole. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Ordinary Share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders as a whole.

3. FUNDING OF REPURCHASE AND MATERIAL ADVERSE IMPACT

In repurchasing Ordinary Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-Laws and the laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the profits that would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in its annual report for the year ended 30 June 2015 in the event that the Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. ORDINARY SHARES PRICES

The highest and lowest prices at which the Ordinary Shares have traded on the Stock Exchange during the current month and each of the previous twelve months before the printing of this document were as follows:

| | Ordinary Shares | |
|---|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2014 | | |
| October | 0.325 | 0.265 |
| November | 0.335 | 0.260 |
| December | 0.300 | 0.260 |
| 2015 | | |
| January | 0.295 | 0.270 |
| February | 0.290 | 0.270 |
| March | 0.390 | 0.280 |
| April | 0.590 | 0.360 |
| May | 0.870 | 0.540 |
| June | 0.790 | 0.660 |
| July | 0.960 | 0.380 |
| August | 0.435 | 0.290 |
| September | 0.390 | 0.305 |
| October (up to the Latest Practicable Date) | 0.365 | 0.310 |

5. UNDERTAKING AND EFFECT OF REPURCHASE

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates as defined in the Listing Rules, have any present intention to sell any securities of the Company to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell securities of the Company to the Company or its subsidiaries or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

If a shareholder's proportionate interest in the voting rights of the Company increases upon exercise of the powers to repurchase securities of the Company pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory general offer for all Shares in issue at the time in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Oung Da Ming, Cityguard Holdings Limited, Gold Seal Holdings Limited and Next Level Corporate Limited, substantial shareholders of the Company, together with parties acting in concert (the "Concert Parties") beneficially held 899,407,472 Ordinary Shares, representing approximately 67.42% of the issued Ordinary Shares of the Company. To the best knowledge of the Company, no other person, together with any associates thereof, was beneficially interested in Ordinary Shares representing 10% or more of the entire issued Ordinary Shares of the Company as at the Latest Practicable Date.

In the event that the Directors exercise in full the power to repurchase the Ordinary Shares which is proposed to be granted pursuant to the Repurchase Mandate then (if the present shareholders' interests in Shares remained the same) the attributable shareholding of Mr. Oung Da Ming, Cityguard Holdings Limited, Gold Seal Holdings Limited, Next Level Corporate Limited and the Concert Parties in the Company would be increased to approximately 74.92% of the issued Ordinary Shares of the Company. Such increase will not give rise to an obligation on Mr. Oung Da Ming, Cityguard Holdings Limited, Gold Seal Holdings Limited, Next Level Corporate Limited and the Concert Parties to make a mandatory offer under Rule 26 of the Takeovers Code. In any event, the Repurchase Mandate will be exercised only if the number of Ordinary Shares held by the public would not fall below 25%.

The Directors are not aware of any consequences which would arise under Takeovers Code as a result of any repurchases pursuant to the general mandate.

6. SECURITIES REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its securities (whether on the Stock Exchange or not) in the six months preceding the date of this document.

Particulars of Directors standing for election are as follows:

Mr. Yuen Chi Wah, aged 55, joined the Group as the financial controller in 2007 and was appointed as non-executive director on 1 August 2014. He has over 36 years working experience in corporate finance, financial management, auditing, accounting, and acquisitions gained from certain senior related positions in an audit firm in Hong Kong, and possess extensive experience in management in the field of garments, electronic industrial and property development. Mr. Yuen has not held any directorship in other public listed company in the past three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Yuen does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Yuen does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Yuen has not entered into a service contract with the Company and has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws of the Company. The director's fee of Mr. Yuen is determined by the Board with reference to the remuneration benchmark in the industry and the prevailing market conditions. For the year ended 30 June 2015, Mr. Yuen received a fee of HK\$599,000.

Prof. Huang Weizong Martin, aged 55, joined the Group in 2012 as an independent non-executive directors and a member of the audit committee of the Company. He obtained Doctor of Philosophy in Chinese and Comparative Literature from Washington University in 1991. He is currently a professor in the Department of East Asian Languages and Literatures in the University of California, Irvine. Prof. Huang was also the Department Chair of the Department of East Asian Languages and Literatures in the University of California, Irvine from 2008 to 2011. Prof. Huang has not held any directorship in other public listed company in the past three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Prof. Huang does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Prof. Huang does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Prof. Huang has not entered into a service contract with the Company and has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws of the Company. The director's fee of Prof. Huang is determined by the Board with reference to the remuneration benchmark in the industry and the prevailing market conditions. For the year ended 30 June 2015, Prof. Huang did not receive any director's fee.

Mr. Liu Man Kin Dickson, aged 42, joined the Group in September 2015 as an independent non-executive director. He has over 20 years of experience in auditing, tax planning, management consulting and company restructuring. He is currently a sole proprietor of an audit firm and a practicing member of the Hong Kong Institute of Certified Public Accountants. Mr. Liu has not held any directorship in other public listed company in the past three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Liu does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Liu does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Liu has not entered into a service contract with the Company and has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws of the Company. The director's fee of Mr. Liu is determined by the board with reference to the remuneration benchmark in the industry and the prevailing market conditions. For the year ended 30 June 2015, Mr. Liu did not receive any director's emolument as he was appointed as director on 22 September 2015.

Save as disclosed above, there are no other matters concerning all the aforesaid retiring Directors that need to be brought to the attention of the shareholders of the Company nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme to be proposed for adoption at the Annual General Meeting:

For the purpose of this appendix, unless the context otherwise requires:

| | |
|------------------------|--|
| “Auditors” | means the auditors for the time being of the Company; |
| “associate” | has the meaning ascribed to it in the Listing Rules; |
| “business day” | a day on which the Stock Exchange is open for the business of trading in securities; |
| “Chief Executive” | has the meaning ascribed to it in the Listing Rules; |
| “Eligible Employee” | means any employee including executive directors (whether full time or part time) of the Company, any subsidiary or any investee; |
| “Eligible Participant” | means: <ul style="list-style-type: none">(a) any Eligible Employee;(b) any non-executive director (including any independent non-executive director) of the Company, any subsidiary or any entity in which the Company or any of its subsidiaries holds any investment;(c) Chief Executive or any Substantial Shareholder of the Company;(d) any consultant or professional advisor to the Company, any subsidiary or any Investee;(e) any associate of Director, Chief Executive or Substantial Shareholder of the Company; or(f) any discretionary object of a discretionary trust established by any of the above-mentioned persons; |
| “Grantee” | means any Eligible Participant who accepts the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee; |
| “inside information” | has the meaning ascribed to it in the Securities and Futures Ordinance of Hong Kong; |

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

| | |
|---------------------------|--|
| “Investee” | means any entity in which the Company or any of its subsidiaries holds any investment; |
| “Letter of Offer” | has the meaning ascribed to it in paragraph (B) of this Appendix; |
| “Option” | means an option to subscribe for the Ordinary Shares granted pursuant to the Share Option Scheme; |
| “Option Period” | means in respect of any particular Option, the period notified by the Board to the relevant Grantee in which shall not exceed 10 years from the date upon which the Option is deemed to be granted and accepted; |
| “Other Schemes” | means any other share option schemes (if any) adopted by any member of the Group from time to time; |
| “Substantial Shareholder” | means a substantial shareholder (as that term is defined in the Listing Rules) of the Company; and |
| “Takeovers Code” | means the Hong Kong Code on Takeovers and Mergers. |

(A) PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to provide the Group with a flexible means of giving incentives to and rewarding, and/or providing benefits to Eligible Participants to provide the Eligible Participants with an opportunity to acquire personal stakes in the Group and to build common objectives of the Group and the Eligible Participants for the betterment of the Group as a whole.

(B) WHO MAY JOIN

The Board may, at its discretion, by letter (“Letter of Offer”) invite any Eligible Participants to take up Options at a price calculated in accordance with paragraph (D) below.

Upon acceptance of the Option in any Letter of Offer, the Eligible Participant shall pay HK\$1.00 to the Company by way of consideration for the grant. The offer will be opened for acceptance for such period as may be determined by the Board and set out in the Letter of Offer.

(C) GRANT OF OPTION

No grant of Options shall be made by the Board after the Board is in possession of inside information in relation to the Ordinary Shares, until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company’s quarterly, interim or annual results; and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement under the Listing Rules, and ending on the date of the results announcement.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

The total number of the Ordinary Shares issued and to be issued upon exercise of the Options granted to a Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Ordinary Shares in issue from time to time, provided that if approved by Shareholders in general meeting with such Grantee and his associates abstaining from voting, the Company may make a further grant to such Grantee (the “Further Grant”) notwithstanding that the Further Grant would result in the Ordinary Shares issued and to be issued upon exercise of all options granted and to be granted under the Share Option Scheme and Other Schemes to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Ordinary Shares in issue from time to time. In relation to the Further Grant, the Company must send a circular to the Shareholders, which discloses the identity of the relevant Grantee, the number and the terms of the Options to be granted (and options previously granted to such Grantee under the Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders’ approval and the date of meeting of the Board meeting for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(D) LETTER OF OFFER

The subscription price for the Ordinary Shares subject to each Option shall be a price determined by the Board and notified to each Grantee in the Letter of Offer and shall be at least the highest of (i) the closing price of the Ordinary Shares on the Main Board as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Option which date shall be the date of the Letter of Offer and must be a business day; (ii) the average closing price of the Ordinary Shares on the Main Board as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of an Ordinary Share.

The Letter of Offer shall specify the terms on which the Option is to be granted. Such terms must include (i) the Option Period, which shall not exceed ten years from the date of the Letter of Offer; (ii) minimum periods (if any) for which an Option must be held; and/or (iii) minimum performance targets (if any) that must be reached, before the Option can be exercised in whole or in part; and may include at the discretion of the Board other terms imposed (or not imposed) either on a case-by-case basis or generally.

(E) MAXIMUM NUMBER OF THE ORDINARY SHARES

- (i) The total number of the Ordinary Shares which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme and the Other Scheme must not in aggregate exceed 133,394,710 Ordinary Shares, representing approximately 10% of the Ordinary Shares in issue as at the date of the Annual General Meeting, on the basis that no Ordinary Shares will be issued or repurchased prior to the date of the Annual General Meeting (the “Scheme Mandate Limit”) provided that options lapsed in accordance with the terms of the Share Option Scheme or any Other Schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (ii) Subject to the approval of Shareholders in general meeting, the Company may refresh the Scheme Mandate Limit to the intent that the total number of the Ordinary Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and the Other Scheme under the Scheme Mandate Limit as refreshed must not exceed 10% of the Ordinary Shares in issued as at the date of such Shareholders' approval provided that options previously granted under the Share Option Scheme and the Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.
- (iii) Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate limit are granted only to Eligible Participants specifically identified by the Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this subparagraph (iii), the Company shall send a circular to its Shareholders containing a generic description of the identified Grantees, the number and terms of the Options to be granted, the purpose of granting Options to the identified Grantees, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules and as the Shareholders consider applicable.
- (iv) Notwithstanding the foregoing, the Company may not grant any Option if such grant will result in the number of the Ordinary Shares which may be issued upon exercise of all outstanding options granted and yet to be exercise under the Share Option Scheme and Other Scheme exceeding 30% of the Ordinary Shares in issue from time to time.

(F) TIME OF EXERCISE OF OPTION

Unless the Board determines otherwise, an Option may be exercised in accordance with the terms of the Share Option Scheme and the relevant Letter of Offer at any time during the Option Period. The Share Option Scheme does not require a minimum period for which an Option must be held or a performance target which must be achieved before an Option can be exercised.

(G) RIGHTS PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

(H) RIGHTS ON DEATH

If a Grantee dies before exercising the Option in full, his or her personal representative(s) may exercise the Option in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which the Option will lapse.

(I) CHANGES IN CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever, then, in any such case the Company shall instruct the Auditors or independent financial adviser to the Company to certify in writing the adjustment, if any, to be made either generally or as regards any particular Grantee, to:

- (i) the number of Ordinary Shares to which the Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (ii) the subscription price of any unexercised Option; and/or
- (iii) the maximum number of Ordinary Shares referred to in (E) above,

as being fair and reasonable and an adjustment as so certified by the Auditors or the independent financial adviser to the Company shall be made, provided that:

- (i) any such adjustment shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (ii) no such adjustment shall be made the effect of which would be to enable an Ordinary Share to be issued at less than its nominal value;
- (iii) no such adjustment shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he or she exercised all the Options held by him or her immediately prior to such adjustment; and
- (iv) the issue of shares or other securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

In respect of any such adjustments, other than any made on a capitalisation issue, the Auditors or independent financial adviser to the Company must confirm to the Directors in writing that such adjustments satisfy the requirements that they give a Grantee the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled.

(J) RIGHTS ON TAKE-OVER

If a general offer (other than by way of scheme of arrangement) has been made to acquire all of the issued Ordinary Shares other than those held by the offeror and any persons acting in concert with the offeror, and such offer, having been approved in accordance with applicable laws and regulatory requirements, become or is declared unconditional, the Grantees shall be entitled to exercise his or her outstanding Option to its full extent or to the extent notified by the Company at any time within such period as shall be notified by the Company. For the purposes of this paragraph, “acting in concert” shall have the meaning ascribed to it in the Takeovers Code.

If a general offer for Ordinary Shares by way of scheme of arrangement is made to all the Shareholders holding Ordinary Shares and has been approved by the necessary number of Shareholders holding Ordinary Shares at the requisite meetings, the Company shall forthwith give notice thereof to all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice;

(K) RIGHTS ON A COMPROMISE, ARRANGEMENT, ETC.

In the event a notice is given by the Company to its Shareholders to convene a Shareholders’ meeting or meetings for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders’ meeting, allot, issue and register in the name of the Grantee such number of fully paid Ordinary Shares which fall to be issued on exercise of such Option; and

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in (J) above, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and any Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Ordinary Shares which fall to be issued on exercise of such Option.

(L) LAPSE OF OPTION

The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (i) the expiry of Option Period of that Option;
- (ii) the expiry of the period referred to in paragraph (H) above;
- (iii) the expiry of the period referred to in J(2) above provided that if any court of competent jurisdiction makes an order the effect of which is to prohibit the offeror from acquiring the remaining Ordinary Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (iv) subject to the scheme of arrangement (referred to in J(2) above becoming effective, the expiry of the period for exercising the Option as referred to in J(2) above;
- (v) the date of the commencement of the winding-up of the Company;
- (vi) the date on which the Grantee (if an employee or director of the Company or another member of the Group) ceases to be an Eligible Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee, and where appropriate, his legal representative(s);
- (vii) the date on which the Grantee commits a breach of (G) above; and
- (viii) subject to paragraph (C), the date the Grantee ceases to be an Eligible Participant for any other reason.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

(M) RANKING OF THE ORDINARY SHARES

The Shares to be allotted and issued upon the exercise of an Option will be subject to the Articles of Association and will rank pari passu in all respects with the fully paid or credited as fully paid Ordinary Shares in issue on the date of such issue.

(N) CANCELLATION OF OPTIONS GRANTED

The Directors may effect the cancellation of any Options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Directors may in their absolute discretion see fit and in a manner that complies with all applicable legal requirements for cancellation. Where the Company cancels any Options granted and offers to grant or grants new Options to the same Grantee, the offer or grant of such new Options may only be made under the Share Option Scheme if there are available unissued Options (excluding the cancelled Options) within each of the limits as referred to in (E) above.

(O) PERIOD OF SHARE OPTION SCHEME

The Share Option Scheme shall remain valid for a period of 10 years commencing on the date of Annual General Meeting after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant.

(P) ALTERATION TO AND TERMINATION OF SHARE OPTION SCHEME

The Share Option Scheme may be altered in any respect by a resolution of the Directors except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall adversely affect the terms of issue of any Option granted but not exercised or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Ordinary Shares under the Articles of Association for the time being of the Company for a variation of the rights attached to the Ordinary Shares.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the Options must still comply with the applicable requirements of the Listing Rules.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be subject to approval of the Shareholders in a general meeting.

The Company by ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered under it but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination which shall continue to be exercisable in accordance with their terms of grant.

(Q) GRANT OF OPTIONS TO CONNECTED PERSONS, DIRECTORS OR ANY OF THEIR ASSOCIATES

Where Options are proposed to be granted to a Director, Chief Executive or Substantial Shareholder, or any of their respective associates, the proposed grant must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the Options).

If a grant of Options to a Substantial Shareholder or an independent non-executive Director or any of their respective associates will result in the total number of the Ordinary Shares issued and to be issued upon exercise of the Options granted and to be granted to such person under the Share Option Scheme and the Other Scheme (including both exercised and outstanding Options) in any 12-month period up to and including the proposed date of the grant exceeding 0.1% of the Ordinary Shares in issue and having an aggregate value, based on the closing price of the Ordinary Shares at the proposed date of each grant, in excess of HK\$5 million, then the proposed grant of Options must be subject to Shareholders' approval in general meeting taken on a poll. Such grantees, their respective associates and all core connected persons of the Company (as that term is defined in the Listing Rules) must abstain from voting at such general meeting, except that any the aforesaid parties may vote against the resolution provided that his or her intention to do so has been stated in the circular relating to such Shareholders' approval. Shareholders' approval will also be required for any change in the terms of any Options granted to an Eligible Participant who is a Substantial Shareholder, an independent non-executive Director or their respective associates.

In relation to the Shareholders' approval, the circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Participant;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the Options in question) to the independent Shareholders as to voting; and
- (iii) all other information as required by the Listing Rules including but not limited to Rules 2.17, 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4).

NOTICE OF ANNUAL GENERAL MEETING

PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

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

NOTICE IS HEREBY given that the Annual General Meeting of the Company, excluding holders of the convertible redeemable preference shares of the Company, will be held at the Antica Room, Hong Kong Gold Coast Hotel, 1 Castle Peak Road, Castle Peak Bay, Tuen Mun, Hong Kong on 8 December 2015 at 11:00 a.m. for the following purposes.

1. to receive and consider the Financial Statements and the Reports of the Directors and Auditors for the year ended 30 June 2015;
2.
 - (a) to re-elect Mr. Yuen Chi Wah as non-executive director of the Company;
 - (b) to re-elect Prof. Huang Weizong Martin as independent non-executive director of the Company;
 - (c) to re-elect Mr. Liu Man Kin Dickson as independent non-executive director of the Company;
3. to fix the directors' remuneration;
4. to appoint Deloitte Touche Tohmatsu as auditors for the ensuing year and to authorise the directors to fix their remuneration;
5. to pass the Ordinary Resolution:

“THAT:

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company, including for the avoidance of doubt the convertible redeemable preference shares of HK\$0.01 each of the share capital of the Company, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval given in paragraph (i) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time, (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of each class of existing securities of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and

(iv) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s Bye-Laws to be held;
or
- (c) the time at which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting; and

(v) for the purpose of this Resolution, “Rights Issue” means the allotment, issue or grant of shares pursuant to an offer of shares or other securities open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

6. to pass the Ordinary Resolution:

“THAT:

(i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued ordinary shares in the capital of the Company on the terms and subject to the conditions set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company;
- (iii) the aggregate nominal amount of the ordinary shares purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (i) above shall not exceed the aggregate of 10 percent of the aggregate nominal amount of the ordinary shares of the Company in issue as at the time of passing this resolution; and
- (iv) for the purposes of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s Bye-Laws to be held; or
- (c) the time at which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.”

7. to pass the Ordinary Resolution:

“**THAT** conditional upon the passing of ordinary resolutions numbered 5 and 6 set out above of which this resolution forms part, the aggregate nominal amount of the ordinary shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company in the said ordinary resolution numbered 6 shall be added to the aggregate nominal amount of the issued ordinary shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the said ordinary resolution numbered 5.”

8. to pass the Ordinary Resolution:

“**THAT** conditional upon the Stock Exchange granting approval for the listing of, and permission to deal in, the ordinary shares of HK\$0.10 each in the Company (“Ordinary Shares”) falling to be issued and allotted pursuant to the share option scheme (the “Share Option Scheme”), described in the circular of the Company dated 29 October, 2015 the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the Share Option Scheme be and is hereby approved and adopted and the Directors be and are hereby authorised to grant options and to allot, issue and deal with Ordinary Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the Share Option Scheme.”

By Order of the Board
Chan Chi Ho
Company Secretary

Hong Kong, 29 October 2015

NOTICE OF ANNUAL GENERAL MEETING

Head Office and Principal Place of Business:

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

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

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. A proxy need not be a member of the Company.
2. 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 Company's Hong Kong Share Registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.
3. The Transfer Books and Register of Members of the Company will be closed from 5 December 2015 to 7 December 2015 both days inclusive.
4. Concerning Resolution No. 5 above, approval is being sought from Members for a general mandate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to ensure flexibility and discretion to the directors of the Company in the event that it becomes desirable to issue any shares of the Company up to 20 percent of each class of existing securities.
5. In relation to Resolution No. 6 above, the directors of the Company wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on this Resolution as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

NOTICE OF CLASS MEETING

PALADIN LIMITED

(Incorporated in Bermuda with limited liability)

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

NOTICE IS HEREBY given that the Class Meeting, of the holders of the convertible redeemable preference share of the Company, will be held at the Antica Room, Hong Kong Gold Coast Hotel, 1 Castle Peak Road, Castle Peak Bay, Tuen Mun, Hong Kong on 8 December 2015 at 11:15 a.m. or so soon thereafter as the Annual General Meeting of the Company convened for the same date and place shall have concluded or been adjourned, to pass the Ordinary Resolution:

1. **“THAT:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company, including for the avoidance of doubt the convertible redeemable preference shares of HK\$0.01 each of the share capital of the Company, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval given in paragraph (i) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time, (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of each class of existing securities of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and

NOTICE OF CLASS MEETING

(iv) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s Bye-Laws to be held;
or
- (c) the time at which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting; and

(v) for the purpose of this Resolution, “Rights Issue” means the allotment, issue or grant of shares pursuant to an offer of shares or other securities open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

By Order of the Board
Chan Chi Ho
Company Secretary

Hong Kong, 29 October 2015

Head Office and Principal Place of Business:

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

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

NOTICE OF CLASS MEETING

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. A proxy need not be a member of the Company.
2. 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 Company's Hong Kong Share Registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight hours before the time appointed for holding the meeting.
3. The Transfer Books and Register of Members of the Company will be closed from 5 December 2015 to 7 December 2015 both days inclusive.
4. Concerning Resolution No. 1 above, approval is being sought from Members for a general mandate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to ensure flexibility and discretion to the directors of the Company in the event that it becomes desirable to issue any shares of the Company up to 20 percent of each class of existing securities.