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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 SIX MONTHS ENDED 31 DECEMBER 2015

In accordance with the circular dated 8 June 2007, the board of directors (the “Board”) of Paladin Limited is pleased to announce the unaudited interim results of a wholly-owned subsidiary, Sensors Integration Technology Limited (the “Company”), and its subsidiaries (the “Group”) for the six months ended 31 December 2015 together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

| | | Six months ended | |
|---|--------------|-----------------------------|------------------------|
| | | 31 December | |
| | | 2015 | 2014 |
| | <i>NOTES</i> | HK\$ | HK\$ |
| | | (Unaudited) | (Unaudited) |
| Turnover | | 372,666 | 471,938 |
| Other income | | – | 227 |
| Administrative expenses | | <u>(229,288)</u> | <u>(2,309,831)</u> |
| Profit (loss) for the period | 5 | 143,378 | (1,837,666) |
| Other comprehensive income | | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange difference arising on translation | | <u>1,786,677</u> | <u>3,459,502</u> |
| Total comprehensive income for the period | | <u>1,930,055</u> | <u>1,621,836</u> |
| Earnings (loss) per share | 7 | | |
| Basic | | <u>0.06 HK cents</u> | <u>(0.71) HK cents</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

| | 31.12.2015 | 30.6.2015 |
|---|----------------------------|----------------------------|
| | HK\$ | HK\$ |
| | (Unaudited) | (Audited) |
| Non-current assets | | |
| Property, plant and equipment | <u>34,339</u> | <u>58,879</u> |
| Current assets | | |
| Other receivables and prepayments | 177,802 | 102,288 |
| Bank balances and cash | <u>192,108</u> | <u>187,026</u> |
| | <u>369,910</u> | <u>289,314</u> |
| Current liabilities | | |
| Other payables and accruals | 5,607,950 | 7,344,225 |
| Amount due to an intermediate holding company | 82,287,185 | 82,287,185 |
| Amount due to a related party | 88,204 | 150,311 |
| Bank overdrafts | <u>–</u> | <u>75,617</u> |
| | <u>87,983,339</u> | <u>89,857,338</u> |
| Net current liabilities | <u>(87,613,429)</u> | <u>(89,568,024)</u> |
| Net liabilities | <u>(87,579,090)</u> | <u>(89,509,145)</u> |
| Capital and reserves | | |
| Share capital | 2,597,634 | 2,597,634 |
| Reserves | <u>(90,176,724)</u> | <u>(92,106,779)</u> |
| Deficiency of shareholder's fund | <u>(87,579,090)</u> | <u>(89,509,145)</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2015

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the articles of association of the Company amended on 8 June 2007, the condensed consolidated financial statements for the six months ended 31 December 2015 have been prepared solely for the information of the Company's directors and published in the website of The Stock Exchange of Hong Kong Limited.

In preparing the condensed 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\$87,613,429 as at 31 December 2015. Paladin Limited and its subsidiaries (collectively the "Paladin Group") has agreed to provide adequate funds for the Group to meet in full its financial obligations as they fall due for the foreseeable future.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2015.

4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reporting and operating segment focusing on provision of information technology consultancy services. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies as disclosed in note 3 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.

5. LOSS FOR THE PERIOD

| | Six months ended | |
|---|------------------|------------|
| | 31 December | |
| | 2015 | 2014 |
| | HK\$ | HK\$ |
| Loss for the period has been arrived at after (charging) crediting: | | |
| Depreciation | (18,550) | (19,215) |
| Interest income | <u>–</u> | <u>227</u> |

6. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both interim periods.

7. EARNINGS (LOSS) PER SHARE

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

| | Six months ended | |
|--|------------------|--------------------|
| | 31 December | |
| | 2015 | 2014 |
| | HK\$ | HK\$ |
| Earnings (loss) | | |
| Profit (loss) for the purpose of basic earnings (loss) per share | <u>143,378</u> | <u>(1,837,666)</u> |

| | Six months ended | |
|---|--------------------|--------------------|
| | 31 December | |
| | 2015 | 2014 |
| Number of shares | | |
| Number of shares for the purposes of basic loss per share | <u>259,763,430</u> | <u>259,763,430</u> |

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

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

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 revenue was approximately HK\$0.4 million for the six months ended 31 December 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, net current liabilities of the Company were approximately HK\$88 million. The current ratio was 0.004. The bank balances were approximately HK\$0.2 million.

As at 31 December 2015, the major outstanding liabilities of the Company was amount due to an intermediate holding company of approximately HK\$82 million, and other payables and accruals of approximately HK\$6 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 six months ended 31 December 2015, the Company had no material acquisitions and disposals of subsidiaries.

As at 31 December 2015, the Company had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Company employed a total of 9 employees. They were remunerated according to market conditions.

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of any interim dividend for the six month ended 31 December 2015.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim 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 interim 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, 29 February 2016

As at the date of this announcement, the board of directors of Paladin Limited comprises:

Oung Shih Hua, James (*Executive director*)

Chan Chi Ho (*Non-executive director*)

Yuen Chi Wah (*Non-executive director*)

Liu Man Kin Dickson (*Independent non-executive director*)

Huang Weizong Martin (*Independent non-executive director*)

Au Chik Lam Alexander (*Independent non-executive director*)