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PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every 10 issued and unissued Shares of HK\$0.01 each will be consolidated into one Consolidated Share of HK\$0.10. The SGM will be held to consider and, if thought fit, approve the ordinary resolution in respect of the Share Consolidation.

A circular containing further details of the Share Consolidation and the notice of the SGM will be despatched to the Shareholders and, for information purposes, to the Warrantholders, as soon as practicable.

SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every 10 issued and unissued Shares will be consolidated into one Consolidated Share. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Effects of the Share Consolidation

As at the date of this announcement, the authorised ordinary share capital of the Company amounts to HK\$200,000,000 divided into 20,000,000,000 Shares, of which 10,193,429,857 Shares are in issue. Upon the Share Consolidation becoming effective, and on the basis that there being no other changes in the share capital structure of the Company prior thereto, the authorised ordinary share capital of the Company shall become HK\$200,000,000 divided into 2,000,000,000 Consolidated Shares, of which 1,019,342,985 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's memorandum of association and bye-laws.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Board lot size

The board lot size for trading in the ordinary shares of the Company is currently 2,000 Shares and shall become 2,000 Consolidated Shares upon the Share Consolidation becoming effective.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Conditions precedent of the Share Consolidation

The Share Consolidation is conditional on:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares in issue; and
- (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise that may be required in respect of the Share Consolidation, if necessary.

Reasons for the Share Consolidation

The Share Consolidation will reduce the number of board lots in the market. Any trading costs or handling charges, which are calculated on per board lot basis, will for a given interest in the Company be lower and the transaction costs for dealing in the ordinary shares of the Company may be reduced.

The Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot matching arrangements will be set out in the circular in relation to the Share Consolidation to be despatched to the Shareholders and, for information purposes, to the Warrantholders.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be on 23 October 2008, the certificates for the Shares will cease to be valid for trading purposes after 4:10 p.m. on 26 November 2008; Shareholders may, on or after 23 October 2008 until 4 December 2008 (both days inclusive) submit share certificates for Shares to the Company's branch registrar in Hong Kong (the "Branch Registrar"), Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for certificates for the Consolidated Shares (on the basis of 10 Shares for one Consolidated Share). It is expected that the new certificates for the Consolidated Shares will be available for collection within 10 business days after the submission of the existing share certificates to the Branch Registrar for exchange. Thereafter, certificates for Shares will remain effective as documents of legal title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders to the Branch Registrar.

Outstanding Share Options

As at the date of this announcement, the number of Shares in respect of which Share Options have been granted and are outstanding is 308,574,000.

Corresponding adjustments will be made on the basis that the proportion of the issued ordinary share capital of the Company to which a grantee of share options is entitled shall remain the same before and after such adjustments in accordance with the rules of the share option scheme and the supplementary guidance issued by the Stock Exchange.

The Company will engage an independent financial adviser or its auditors to provide a certificate as to the adjustments required to be made to the terms of the outstanding Share Options as a result of the Share Consolidation. The Company will make a further announcement about the adjustments after receiving the certificate.

Outstanding Warrants

As at the date of this announcement, Warrants carrying aggregate subscription rights of HK\$236,053,677.30 to subscribe for Shares at the current subscription price of HK\$0.21 per Share are outstanding. Corresponding adjustments will be made to the subscription price of

the outstanding Warrants and the number of Consolidated Shares which the Warrantholders are entitled to upon exercise of the Warrants in accordance with the terms of the Warrants. The Company will engage a merchant bank or other reputable financial institution in Hong Kong selected by the Directors or its auditors to provide a certificate as to the adjustments required to be made. The Company will make a further announcement about the adjustments after receiving the certificate.

Expected timetable for the Share Consolidation

Set out below is the expected timetable in relation to the Share Consolidation:

2008

Despatch of circular and notice of the SGM	Tuesday, 30 September
Latest time for lodging form of proxy for the SGM.....	11:30 a.m. on Monday, 20 October
SGM.....	11:30 a.m. on Wednesday, 22 October
Effective date for the Share Consolidation	Thursday, 23 October
Free exchange of existing share certificates for new share certificates commences	Thursday, 23 October
Original counter for trading in Shares in board lots of 2,000 Shares temporarily closes	9:30 a.m. on Thursday, 23 October
Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m. on Thursday, 23 October
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares.....	9:30 a.m. on Thursday, 23 October
Original counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates) re- opens	9:30 a.m. on Thursday, 6 November
Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates commences	9:30 a.m. on Thursday, 6 November

Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) closes.....4:10 p.m. on Wednesday, 26 November

Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates closes4:10 p.m. on Wednesday, 26 November

Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares.....4:10 p.m. on Wednesday, 26 November

Last day for free exchange of existing share certificates for new share certificatesThursday, 4 December

CIRCULAR

A circular containing further details of the Share Consolidation and the notice of the SGM will be despatched to the Shareholders and, for information purposes, to the Warrantheolders, as soon as practicable.

DEFINITIONS

“Board”	the board of Directors
“Company”	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares and the Warrants of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company subject to the Share Consolidation becoming effective
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the ordinary resolution in respect of the Share Consolidation

“Share Consolidation”	the proposed consolidation of every 10 Shares into one Consolidated Share
“Share Option(s)”	option(s) for the subscription of Shares or Consolidated Shares, as the case may be, granted pursuant to the share option scheme named as “The Paliburg Holdings Limited Share Option Scheme” adopted by the Company
“Shareholder(s)”	holder(s) of Shares or Consolidated Shares, as the context requires
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	warrants of the Company conferring rights on their holders to subscribe for Shares at the current subscription price of HK\$0.21 per Share (subject to adjustment)
“Warrantholder(s)”	holder(s) of the Warrants

By Order of the Board
Paliburg Holdings Limited
Eliza Lam Sau Fun
Secretary

Hong Kong, 10 September 2008

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
Mr. Donald FAN Tung
(Chief Operating Officer)
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP
Mr. NG Siu Chan
Hon Abraham SHEK Lai Him, SBS, JP
Mr. WONG Chi Keung