

Press Release
For Immediate Release

April 11, 2005

Paliburg Group Announces 2004 Annual Results

Solid Foundation for Expansion and Brighter Future

Paliburg Holdings Limited (“the Company”, together with its subsidiaries “the Group”, stock code: 617) announced today its annual results for the year ended December 31, 2004.

For the year ended December 31, 2004, the Group achieved an audited consolidated net profit attributable to shareholders of approximately HK\$517 million, representing an increase of 33% over the HK\$388 million attained in the 2003 financial year.

The Company held as at the last balance sheet date approximately 45% of the existing issued ordinary shares of Regal and approximately 43% of the outstanding 2007 warrants of Regal issued by Regal pursuant to its bonus issue of warrants and, in addition, certain outstanding convertible preference shares of Regal.

The results of the Group for the year under review included write back of provisions for impairment on revaluation in respect of Regal’s hotel properties in Hong Kong and write off of goodwill on other investment.

Prior to the last balance sheet date, all the 3,450 million convertible preference shares issued by the Company in 2002 have been fully converted into ordinary shares of the Company.

As at December 31, 2004, the Group had gross borrowings of approximately HK\$10 million, after netting off cash and bank balances.

PROPERTIES

Ap Lei Chau Development

The Group retained a 30% interest in this joint venture development project. The proposed development entails primarily residential accommodation having gross floor area of about 900,000 square feet together with certain ancillary retail, recreational and car parking facilities. Pending for the determination of the land premium amount, the basic terms of the lease modification have substantially been finalised.

Sharp Island Development

The Group has retained professional consultants to advise on the formulation of a revised proposal for an overall comprehensive development scheme centering on the various lots owned by the Group, which entails resort hotel, water sports, recreational, spa and other related accommodations and facilities. Due to the complex nature of the proposed development scheme, progress is expected to be relatively gradual.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The construction business of the Group, which is undertaken through Chatwin Engineering Limited, continues to be affected by the overall contraction in the local construction industry but the operations of Chatwin remain profitable. Chatwin will continue to seek new opportunities for the possible expansion and diversification of its existing businesses.

The technology-based building related businesses of the Group are undertaken through the Leading Technology group. During the year under review, the Leading Technology Group has successfully improved and upgraded its fingerprint access control system and property management system for hotels to new versions and with new features and functions that can enhance the values of its products and at the same time broaden its potential market. Basing on its experience and know-how in the building security business, the Leading Technology Group is actively considering developing into mobile digital video recording and surveillance businesses.

THE REGAL GROUP

Regal has achieved phenomenal growth in its business and has attained a net profit of approximately HK\$603 million for the period under review. (For 2004 annual results and further information on Regal, please refer to Regal's press releases and full set of result announcements dispatched today.)

OUTLOOK

“Having now stabilised its overall financial position, the Group will seek to strengthen its property and investment portfolio. Given its vast experience and expertise in many spheres of the real estate sector, property and related businesses will continue to be the main line of the Group's business focus. In view of Regal's well-established business and asset base as well as its encouraging prospects, it is the intention of the Group to maintain its effective controlling shareholding position in Regal. The Directors are optimistic that the Group will be able to attain continuing growth and to bring to shareholders satisfactory returns.” Mr Y. S. Lo concluded in the results announcement press conference.

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For further information, please refer to the full set of Paliburg's result announcement dispatched today.

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