



(Stock Code: 617)

2007 INTERIM ANNOUNCEMENT

Well-prepared for Long-term Growth

FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2007 (Unaudited)	Six months ended 30th June, 2006 (Unaudited)	% Change
	HK\$'M	HK\$'M	
Revenue	221.0	86.1	+156.7%
Operating profit	79.1	72.9	+8.5%
Profit for the period	1,200.1	209.1	+473.9%
Basic earnings per ordinary share	HK16.65 cents	HK2.90 cents	+474.1%
Interim dividend	HK0.18 cent	HK0.15 cent	+20.0%

Press Release

27th August, 2007

For Immediate Release

Paliburg Announces 2007 Interim Results

Well-prepared for Long-term Growth

Paliburg Holdings Limited (stock code: 617) announced today its interim results for the period ended 30th June, 2007.

FINANCIAL AND BUSINESS REVIEW

For the six months ended 30th June, 2007, the Group recorded an unaudited consolidated profit attributable to shareholders of HK\$ 1,200.1 million, representing an increase of more than 4.7 times over the comparative amount of HK\$209.1 million attained in the corresponding period in 2006. The profit increase was largely attributable to the share of profit from Regal Hotels International Holdings Limited, which has increased significantly due to the gain derived by Regal from the spin-off of Regal Real Estate Investment Trust in March 2007.

As at 30th June, 2007, the Group owned approximately 45% interest in Regal. Regal REIT in turn was equity-accounted for by the Regal group as a 70.5% owned associate. Due to the elimination of the unrealised gain attributable to the interest retained by the Regal group in Regal REIT, the interest in Regal REIT was stated in the financial statements of the Regal group only at a net sum of HK\$292.5 million. The interest in Regal REIT represented by far the most significant investment held by the Regal group and if it were to be valued plainly based on its attributable share of the underlying net assets of Regal REIT as at 30th June, 2007, the interest held in Regal REIT would have been stated at HK\$7,333.9 million instead. This has in turn also affected the book net assets of the Group as at 30th June, 2007. In order to

more fairly reflect the underlying net asset value of the Group and for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on a proforma basis to reflect the share of the underlying net assets as attributable to the 70.5% interest held by Regal in Regal REIT as mentioned above, is provided in the interim results announcement.

With a view to focusing resources on principal investments and property projects, the Group has during the period taken steps to dispose of some of its non-core assets.

In March 2007, the Group completed the sale to Cosmopolitan International Holdings Limited of the entire interests in the 10 retained duplex units and unsold car parks in the completed residential development at Rainbow Lodge, Yuen Long, New Territories at a consideration of HK\$70 million. The profit derived from this disposal has been reflected in the results for the period under review.

Part of the consideration in the amount of HK\$56 million was settled by the Cosmopolitan group issuing to the Group convertible bonds that are convertible into 800 million new shares of Cosmopolitan at an initial conversion price of HK\$0.07 per share. The attributable fair value gain on the Group's investment in these convertible bonds, based on the market price of the shares of Cosmopolitan as at 30th June, 2007, has been reflected in the results for the period under review.

Further in June 2007, the Group completed the agreement for the sale of the entire interest in the various parcels of land in Sharp Island, Sai Kung, New Territories, at a consideration of HK\$50 million. The profit derived from this disposal has also been reflected in the results for the period under review.

The Group has a 30% interest in the joint development project at Ap Lei Chau Inland Lot No. 129. This development project entails primarily residential accommodation comprising luxury apartments together with ancillary retail areas, having total gross floor area of about 913,000 square feet, and complemented with recreational and car parking facilities. Site formation works have been completed and the piling works are in progress. As the supply of luxury apartments in Hong Kong within the next few

years, particularly on the south side of the Hong Kong Island, is relatively limited, the luxury residential apartments in this project are anticipated to be well received and in great demand.

The ground floor shops and all the office floors in the commercial building at 211 Johnston Road, Wanchai, which are retained as investment properties, have virtually been fully leased and are yielding increasing rental income.

The Group's construction and building related businesses on the whole are progressing steadily and the Group's construction arm, Chatwin Engineering Limited, has secured additional construction contracts, both in the private and public sectors.

Subsequent to the half year end date, the Group completed a share swap agreement, pursuant to which the Group acquired 180 million existing issued shares of Cosmopolitan, representing approximately 11.3% of the issued share capital of Cosmopolitan, for a total consideration of HK\$126 million. The consideration was settled by the Company issuing 336 million new shares, which was equivalent to an issue price of HK\$0.375 per share.

The Cosmopolitan group is engaged in property business and is working on a number of proposed large scale property development projects in the PRC. The Directors believe that, through the investment in Cosmopolitan, the Group will be provided with opportunities to indirectly invest in and capitalise on the growing potential of the PRC real estate market as well as participating directly in some selective property development projects to be undertaken by the Cosmopolitan group.

For 2007 interim results and further information on Regal and Regal REIT, please refer to their respective press releases and full set of interim results announcements released today, which are also available for viewing at their respective websites at www.regalhotel.com and www.regalreit.com.

OUTLOOK

While the problems over the subprime loans in the United States have triggered off

some adverse repercussions in the international financial and capital markets over the recent period, the scope and extent of such effects are yet to be ascertained. However, the Group remains optimistic of the outlook of the real estate market in Mainland China and is actively reviewing various acquisition proposals on potential development projects in this regard.

“The Group is well-prepared for long-term growth and, in the meanwhile, is considering proposals with a view to strengthening the Group’s asset and capital base, in preparation for its planned business expansion ahead.” said Mr Y. S. Lo, Chairman and Chief Executive Officer of the Group, at the press conference today.

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For further information, please refer to the full set of Paliburg’s interim results announcement released today.

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