

2008 INTERIM ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'M	HK\$'M
Revenue	150.0	221.0
Operating profit	34.2	79.1
Profit for the period	305.1	1,200.1*
Basic earnings per ordinary share	HK2.99 cents	HK14.92 cents[^]
Interim dividend	HK0.18 cent	HK0.18 cent

*a significant part of this amount was attributable to a one-off gain derived by the Regal Group, the Group's listed associate, from the spin-off of Regal REIT in March 2007

[^]restated to reflect the effect of the Open Offer in November 2007

Press Release

10th September, 2008

For Immediate Release

Paliburg Announces 2008 Interim Results

Paliburg Holdings Limited (stock code: 617) announced today its interim results for the period ended 30th June, 2008.

FINANCIAL RESULTS

For the six months ended 30th June, 2008, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$305.1 million. In the comparative period in 2007, the Group recorded a profit of HK\$1,200.1 million, a significant part of which was attributable to a one-off gain derived by Regal Hotels International Holdings Limited, the Group's listed associate, from the spin-off of Regal Real Estate Investment Trust in March 2007.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK0.18 cent per ordinary share for the financial year ending 31st December, 2008 (2007 – HK0.18 cent).

REVIEW OF OPERATIONS

PROPERTIES

Hong Kong

The joint venture project at Ap Lei Chau Inland Lot No. 129, in which the Group has a 30% interest, comprises primarily residential development providing luxury apartments together with ancillary retail areas with total gross floor area of about 913,000 square feet, complemented with recreational and car parking facilities. The foundation works on the site have been substantially completed.

The ground floor shops and all the office floors in the commercial building at 211 Johnston Road, Wanchai, held by the Group as investment properties, are generating satisfactory rental revenues.

The People's Republic of China

The joint venture development project in Beijing, situated in a very prominent location within the Central Business District, is held through a Sino-foreign joint

venture entity that is 59% owned by an associate which, in turn, is 50% each held by Regal and the Group. The Sino-foreign joint venture entity beneficially owns the Phase I land, which is a vacant and leveled site, and is now actively working to secure the primary development rights for the Phase II land site.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The construction business is operated through Chatwin Engineering Limited, the Group's wholly-owned construction arm. The construction contract awarded to Chatwin by the Housing Authority for the Redevelopment of Sau Mau Ping Estate Phases 13 & 16, comprising 2 blocks with a total of about 1,600 units, is expected to be completed in early 2009. In the meantime, Chatwin is undertaking the extension works for the Regal Riverside Hotel in Shatin involving the construction, fitting out and decoration of three additional stories on top of the existing hotel building.

In addition, the Group also operates a comprehensive range of building related businesses, including development consultancy comprising architectural, engineering and interior design services, project management, building services, estate management as well as technology-based building management and security systems and services. The businesses are operating satisfactorily, with increased profits attained in the period under review.

OTHER INVESTMENTS

Taking together all the interests held in the ordinary shares and convertible bonds of Cosmopolitan, the Group can hold up to approximately 28.2% of Cosmopolitan on a fully-diluted basis. The Regal group can also hold up to approximately 26.5% of the enlarged shareholding of Cosmopolitan.

Both Regal and the Group are positive on the long-term prospects on the real estate market in the PRC and believe that the strategic investments made in the Cosmopolitan group will enable them to share in its growth potential. On the other hand, this will also create a platform for future business collaboration among the groups on the development projects undertaken by Cosmopolitan group, which can in turn facilitate future business expansion at different levels.

THE REGAL GROUP AND REGAL REIT

For the six months ended 30th June, 2008, Regal achieved an unaudited consolidated profit attributable to ordinary shareholders of HK\$600.1 million.

For the six months ended 30th June, 2008, Regal REIT attained an unaudited consolidated profit of HK\$278.3 million.

For 2008 interim results and further information on Regal and Regal REIT, please refer to their respective press releases and full set of interim results announcements.

PROPOSED SHARE CONSOLIDATION

The Board has proposed a share consolidation on the basis that every 10 ordinary shares of HK\$0.01 each will be consolidated into one consolidated ordinary share of HK\$0.10.

OUTLOOK

The core strategic investment held in Regal is contributing to the Group increasing value and returns. The Group has high expectation on the two joint venture development projects situated in Ap Lei Chau, Hong Kong and in the Central Business District of Beijing, respectively and is optimistic that these projects will generate significant profits to the Group when they are completed. With a view to diversifying its investments, the Group has in the meanwhile invested into the Cosmopolitan group, which is actively expanding its property development business in Mainland China. The Group is optimistic of the medium to long term prospects of the property market in the PRC and believes that the investment in the Cosmopolitan group has substantial potential for future capital appreciation.

“Though the overall economic outlook in the near term might be uncertain, the Directors are confident that the Group will be able to sustain steady growth.” said Mr. Y.S. Lo, Chairman and Chief Executive Officer of the Group.

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

For media enquiries, please contact:

Ms Lily Chan, Group Director of Communications

Tel: 2837 1963 Fax: 2890 5073

Email: lily.chan@RegalHotel.com

Ms Angela Cheu, Assistant Communications Manager

Tel: 2837 1650 Fax: 2890 5073

Email: angela.cheu@RegalHotel.com