

## 2008 ANNUAL ANNOUNCEMENT

### FINANCIAL AND BUSINESS HIGHLIGHTS

- Total revenue of HK\$280 million and gross profit of HK\$22 million for 2008.
- Group's overall results adversely affected by losses arising from fair value changes of certain investment properties and financial assets held by the Group, Regal and Regal REIT, resulting in loss for the year attributable to equity holders of the parent of HK\$468.8 million.
- The fair value losses are non-cash items and have no immediate impact on the cash flow of the Group.
- The Group maintains a solid balance sheet with net cash position.
- The Group's strategic investments in Regal and Cosmopolitan as well as the joint venture interests in the residential project in Ap Lei Chau, Hong Kong and the composite project in the Central Business District in Beijing all pose significant growth potentials and expected to generate substantial benefits in the years ahead.

### PER SHARE DATA

**Year 2008**

**Final dividend**

**HK2.0 cents**

**Total dividends for the year**

**HK3.8 cents**

**Adjusted net asset value per ordinary share**

**HK\$6.22**



Press Release

31st March, 2009

For Immediate Release

## Paliburg Announces 2008 Annual Results

Paliburg Holdings Limited (stock code: 617) announced today its annual results for the year ended 31st December, 2008.

### FINANCIAL RESULTS

For the year ended 31st December, 2008, the Group recorded a consolidated loss attributable to shareholders of HK\$468.8 million. The loss incurred by the Group for the year under review was mainly attributable to the losses arising from the changes in the fair values of certain investment properties and financial assets held by the Group, Regal and Regal REIT which is a listed associate of Regal. Such decrease in the fair values largely reflected the significant downturn in the financial and property market conditions in Hong Kong which, in turn, was brought about by the recent global financial crisis. These fair value losses are however non-cash items and do not have an immediate impact on the cash flow of the Group.

For the purpose of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to reflect more fairly the share of net assets as attributable to the interests held by Regal in Regal REIT, is provided in the results announcement released today. **The adjusted net asset value per ordinary share is HK\$6.22.**

### DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK2.0 cents per ordinary share for the year ended 31st December, 2008 (2007 – HK4.0

cents). The final dividend being recommended is comparatively lower than that in last year as it is considered prudent for the Company to conserve cash resources under the present economic climate. Together with the interim dividend of HK1.8 cents per ordinary share paid in October 2008 (2007 – HK1.8 cents), total dividends per ordinary share for the year ended 31st December, 2008 will amount to HK3.8 cents (2007 – HK5.8 cents).

## **REVIEW OF OPERATIONS**

### **PROPERTIES**

#### **Ap Lei Chau , Hong Kong**

The Group has a 30% interest in this joint venture project which 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.

The site formation and foundation works of this project have all been completed. Superstructure works have recently been commenced and are scheduled to be completed by the end of 2010.

#### **211 Johnston Road, Wanchai, Hong Kong**

The Group retains as investment properties certain of the ground floor shops and all the office floors in this commercial building, which have an aggregate gross area of about 63,000 square feet.

The Group has recently obtained approval of the building plans from the Buildings Department for the conversion of 9 office floors in this building into a hotel with about 50 rooms. Preparatory works are underway and actual conversion works are anticipated to start shortly. Although the market valuation of this investment property as at 31st December, 2008, based on existing use without the benefit of the planned conversion project, has dropped as compared with its market valuation as at the balance sheet date in 2007, it is expected that there will be substantial appreciation in the overall value of this property after the conversion project is completed.

### **Central Business District of Beijing, The People's Republic of China**

This development project is held through a Sino-foreign joint venture entity that is 59%-owned by an associate which, in turn, is 50% each owned by Regal group and the Group. Based on latest available information, it is anticipated that the joint venture entity will succeed in its application to secure the award by the Beijing Municipal Bureau of Land and Resources of the primary development rights for the Phase II land site. Pending further resolution of detailed terms of joint venture with the local partner, it is hopeful that the Sino-foreign joint venture entity will be able to solidly proceed with this prominent large scale project in Beijing in the not too distant future.

## **CONSTRUCTION AND BUILDING RELATED BUSINESSES**

### **Construction Business**

Chatwin Engineering Limited, the Group's 100%-owned construction arm, continues to operate steadily and profitably during the year under review. The original contract works for the addition of new floor areas and a new swimming pool on the top portion of Regal Hongkong Hotel have already been completed, while the contract works for the construction of three additional stories on top of the Regal Riverside Hotel in Shatin as well as the Redevelopment of Sau Mau Ping Estate Phases 13 & 16 awarded by the Housing Authority are both expected to be completed in the second quarter of this year. Despite the continued contraction of new building developments in Hong Kong, Chatwin is actively seeking to secure new construction contracts, both in the public as well as in the private sectors.

### **Building Related Businesses**

The Group 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 operated through the Leading Technology group.

The Leading Technology group is presently providing its self-developed hotel property management software systems to all of the 5 Regal Hotels in Hong Kong and

is at the same time expanding its client base to other hotels in Mainland China, particularly for those to be managed by Regal group.

## **OTHER INVESTMENTS**

The Group holds approximately 16.9% of the issued ordinary shares of Cosmopolitan and assuming that all the outstanding convertible bonds and options on convertible bonds granted by the Cosmopolitan group, including those held by the Group, are fully converted and/or exercise, the Group can hold up to approximately 25.9% of the fully diluted shareholding of Cosmopolitan. At the same time, Regal group also holds substantial interests in the securities of Cosmopolitan and, on the same fully-diluted basis, it can also come to own up to approximately 32.8% of the enlarged share capital of Cosmopolitan.

Apart from its joint venture with Regal group on the development project in Xindu District in Chengdu, Cosmopolitan group has been working on a large scale development project involving re-forestation and landscaping works in Urumqi City in Xinjiang as well as certain proposed projects in other parts of China. The strategic investments in Cosmopolitan group is expected to provide an opportunity to the Group to share in its growth potential, while creating a platform for further business collaborations that will benefit all the three groups in the future.

## **REGAL GROUP and REGAL REIT**

For the year ended 31st December, 2008, Regal Group recorded a consolidated loss attributable to shareholders of HK\$808.8 million.

For the year ended 31st December, 2008, Regal REIT recorded a consolidated net loss before distributions to unitholders of HK\$2,150.2 million and total distributable income for the year under review amounted to HK\$501.9 million.

For 2008 final results and further information on Regal Group, please refer to its press release and full set of results announcement released today.

For 2008 final results and further information on Regal REIT, please refer to its press release and full set of results announcement released on 26 March 2009.

## **OUTLOOK**

Due to the adverse economic climate that persisted globally during the past year, the Group has similarly been cautious in undertaking new investments. Overall business environment in 2009 will still be volatile and challenging, and the Group is also well-prepared and maintaining a solid balance sheet with net cash position. The Group will for the time being focus its resources principally on its existing investment portfolio, though remaining watchful over new investment opportunities.

“The Directors remain confident of the long term prospects of the Group. The Group’s strategic investments in Regal and Cosmopolitan as well as the joint venture interests held in the residential project in Ap Lei Chau, Hong Kong and the composite project in the Central Business District in Beijing all pose significant growth potentials and are expected to generate substantial benefits to the Group in the years ahead.” 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 annual results announcement released today.*

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