KARL THOMSON HOLDINGS LIMITED

高信集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

ANNOUNCEMENT OF 2006 FINAL RESULTS

RESULTS

The Board of Directors of Karl Thomson Holdings Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	NOTES	**2006** *HK$'000*	2005 *HK$'000*
Revenue	*4*	**51,082**	35,169
Other income		**1,872**	1,552
Write back of bad and doubtful debts		**798**	4,771
Amortisation of intangible assets		**(6)**	(6)
Depreciation		**(722)**	(1,253)
Finance costs	*6*	**(233)**	(20)
Other operating expenses		**(39,166)**	(25,200)
Staff costs, including Directors' remuneration		**(11,684)**	(10,642)
Share of profit of an associate		**9,383**	9,669
Share of profits of jointly controlled entities		**49**	—
Profit before taxation		**11,373**	14,040
Taxation credit (charge)	*7*	**47**	(35)
Profit for the year	*8*	**11,420**	14,005
Attributable to:			
Equity holders of the Company		**11,315**	13,845
Minority interests		**105**	160
		11,420	14,005

Earnings per share	*9*		
Basic		**HK2.41 cents**	HK3.01 cents
Diluted		**HK2.40 cents**	N/A

CONSOLIDATED BALANCE SHEET

At 31 December 2006

	NOTES	**2006** *HK$'000*	2005 *HK$'000*
NON-CURRENT ASSETS			
Fixed assets		**926**	1,064
Intangible assets		**17**	23
Interest in an associate		**123,340**	111,851
Interest in a jointly controlled entity		**54**	—
Deferred tax assets		**80**	—
Statutory deposits		**4,030**	4,030
Loans to a jointly controlled entity		**34,508**	—
Loans receivable		**1,394**	1,015
		164,349	117,983
CURRENT ASSETS			
Accounts receivable	*10*	**50,493**	29,898
Loans receivable		**586**	464
Other receivables, prepayments and deposits		**2,974**	2,290
Amount due from a jointly controlled entity		**1,983**	—
Tax recoverable		**—**	319
Pledged fixed deposits (general accounts)		**8,165**	7,823
Bank balances (trust and segregated accounts)		**61,936**	39,375
Bank balances (general accounts) and cash		**16,116**	29,150
		142,253	109,319
CURRENT LIABILITIES			
Accounts payable	*11*	**78,376**	45,599
Accrued expenses and other payables		**7,477**	3,886
Tax payable		**18**	—
		85,871	49,485
NET CURRENT ASSETS		**56,382**	59,834
		220,731	177,817

CAPITAL AND RESERVES		
Share capital	**47,700**	46,000
Reserves	**172,649**	131,540
Equity attributable to equity holders of the Company	**220,349**	177,540
Minority interests	**382**	277
Total equity	**220,731**	177,817

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, or 1 January 2006. The adoption of the new HKFRSs has no material impact on the results and financial position of the Group for both years.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HKFRS 8	Operating segments[2]
HK(IFRIC) — INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC) — INT 8	Scope of HKFRS 2[4]
HK(IFRIC) — INT 9	Reassessment of embedded derivatives[5]
HK(IFRIC) — INT 10	Interim financial reporting and impairment[6]
HK(IFRIC) — INT 11	HKFRS 2: Group and treasury share transactions[7]
HK(IFRIC) — INT 12	Service concession arrangements[8]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 March 2006.
4 Effective for annual periods beginning on or after 1 May 2006.
5 Effective for annual periods beginning on or after 1 June 2006.
6 Effective for annual periods beginning on or after 1 November 2006.
7 Effective for annual periods beginning on or after 1 March 2007.
8 Effective for annual periods beginning on or after 1 January 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, the management has made the following estimate that has a significant effect on the amounts recognised in the consolidated financial statements. The key source of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is also discussed below.

Income taxes

No deferred tax asset was recognised in the Group's consolidated balance sheet in relation to the estimated unused tax losses of approximately HK$29,604,000. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are more than expected, further recognition of deferred tax asset in relation to unutilised tax losses may arise, which would be recognised in the income statement for the period in which such a recognition takes place.

4. REVENUE

	2006	2005
	HK$'000	*HK$'000*
Commission and brokerage	**43,630**	28,768
Interest income from:		
Clients	**3,915**	3,452
Authorised institutions	**2,452**	1,294
Others	**75**	15
Advisory fee income	**1,010**	1,640
	51,082	35,169

5. BUSINESS AND GEOGRAPHIC SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions, namely, broking and securities margin financing. These divisions are the basis on which the Group reports its primary segment information. The principal activities of these divisions are as follows:

Broking — provision of stockbroking, futures and options broking and mutual funds as well as insurance-linked investment plans and products broking

Securities margin financing — provision of securities margin financing

Segment information about these businesses is presented below:

Consolidated income statement for the year ended 31 December 2006

	Broking	**Securities margin financing**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
REVENUE			
Segment revenue	47,451	2,463	49,914
Unallocated			1,168
			51,082
RESULTS			
Segment profit	3,684	1,906	5,590
Unallocated expenses			(3,649)
Share of profit of an associate			9,383
Share of profits of jointly controlled entities			49
Profit before taxation			11,373
Taxation credit			47
Profit for the year			11,420

Consolidated balance sheet as at 31 December 2006

	Broking	Securities margin financing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	111,517	29,792	141,309
Interest in an associate			123,340
Interest in a jointly controlled entity			54
Loans to a jointly controlled entity			34,508
Unallocated corporate assets			7,391
Consolidated total assets			306,602
LIABILITIES			
Segment liabilities	80,748	2,783	83,531
Unallocated corporate liabilities			2,340
Consolidated total liabilities			85,871

Consolidated income statement for the year ended 31 December 2005

	Broking	Securities margin financing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
REVENUE			
Segment revenue	31,168	2,246	33,414
Unallocated			1,755
			35,169
RESULTS			
Segment profit	1,200	3,685	4,885
Unallocated expenses			(514)
Share of profit of an associate			9,669
Profit before taxation			14,040
Taxation charge			(35)
Profit for the year			14,005

Consolidated balance sheet as at 31 December 2005

	Broking	**Securities margin financing**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	81,034	29,950	110,984
Interest in an associate			111,851
Unallocated corporate assets			4,467
Consolidated total assets			227,302
LIABILITIES			
Segment liabilities	48,019	1,107	49,126
Unallocated corporate liabilities			359
Consolidated total liabilities			49,485

Geographical segments

All of the activities of the Group are based in Hong Kong and all of the Group's revenue and profit before taxation are derived from Hong Kong. In addition, the Group's assets are located in Hong Kong.

6. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years:		
Bank overdrafts	**4**	1
Other bank borrowings	**229**	19
	233	20

7. TAXATION CREDIT (CHARGE)

	2006	2005
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Underprovision in prior years	**(33)**	(35)
Deferred tax	**80**	—
	47	(35)

The taxation charge for the year represents the underprovision of Hong Kong Profits Tax for prior years. No provision for Hong Kong Profits Tax had been made in the consolidated financial statements as there is no assessable profit arising in Hong Kong or the assessable profit is wholly absorbed by estimated tax losses brought forward.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2006	2005
	HK$'000	*HK$'000*
Profit before taxation	**11,373**	14,040
Taxation charge at Hong Kong Profits Tax rate of 17.5%	**(1,990)**	(2,457)
Tax effect of share of profit of an associate	**1,640**	1,464
Tax effect of share of profits of jointly controlled entities	**9**	—
Tax effect of income not taxable for tax purpose	**444**	736
Tax effect of estimated tax losses not recognised	**(566)**	(517)
Underprovision in prior years	**(33)**	(35)
Tax effect of expenses not deductible for tax purpose	**(810)**	(10)
Tax effect of utilisation of estimated tax loss previously not recognised	**1,351**	929
Others	**2**	(145)
Taxation credit (charge) for the year	**47**	(35)

8. PROFIT FOR THE YEAR

	2006	2005
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	**1,110**	1,107
Contributions to retirement benefits scheme (included in staff costs)	**419**	383
Loss from error trades	**35**	13
Operating lease rentals in respect of rented premises	**5,070**	4,364
Net realised and unrealised gain on investment held for trading	**—**	(1)
Share of tax of an associate (included in share of profit of an associate)	**997**	1,262

9. EARNINGS PER SHARE

The calculation of the earnings per share is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
Profit attributable to the equity holders of the Company for the purposes of basic and diluted earnings per share	**11,315**	13,845

	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**470,386**	460,000
Effect of dilutive potential ordinary shares arising from share options	**1,989**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**472,375**	460,000

10. ACCOUNTS RECEIVABLE

	2006	2005
	HK$'000	*HK$'000*
Accounts receivable comprise of:		
Accounts receivable arising from the business of dealing in securities:		
— Cash clients	**17,162**	10,225
— Hong Kong Securities Clearing Company Limited ("HKSCC")	**1,778**	1,152
Accounts receivable from HKFE Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	**6,443**	4,558
Loans to securities margin clients	**24,850**	13,466
Accounts receivable arising from the business of providing corporate advisory services	**260**	497
	50,493	29,898

The settlement terms of accounts receivable from cash clients, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC aged within 30 days.

Loans to securities margin clients are secured by clients' pledged securities, repayable on demand and bear interest at prevailing market rates. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The Group does not provide any credit term to its corporate advisory clients. The age of accounts receivable arising from the business of providing corporate advisory services is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 to 90 days	**25**	260
91 to 180 days	**25**	237
Over 180 days	**210**	—
	260	497

The aged analysis of accounts receivable from cash clients is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 to 90 days	**16,885**	9,857
91 to 180 days	**277**	368
	17,162	10,225

11. ACCOUNTS PAYABLES

	2006	2005
	HK$'000	*HK$'000*
Accounts payable to cash clients arising from the business of dealing in securities	**65,847**	38,836
Accounts payable to clients arising from the business of dealing in futures contracts	**9,746**	5,656
Amounts due to securities margin clients	**2,783**	1,107
	78,376	45,599

The settlement terms of accounts payable to cash clients is two days after the trade date and aged within 30 days.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their tradings of futures contracts on the Hong Kong Futures Exchange Limited (the "Futures Exchange"). The excess of the outstanding amounts over the required margin deposits stipulated by the Futures Exchange is repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to HK$61,936,000 (2005: HK$39,375,000) was payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the year ended 31 December 2006, the total turnover for the Group was approximately HK$51,082,000 (2005: HK$35,169,000). Net profit attributable to shareholders was approximately HK$11,632,000 (2005: HK$13,845,000). The core financial business and contribution from Asia Tele-Net And Technology Corporation Limited showed progress. Total profit registered satisfactory growth after discounting a write back of bad and doubtful debts in 2005.

MARKET OVERVIEW

On the back of resilient global economy and strong China factors, the Hong Kong stock market rode on a bullish rally to hit numerous records in line with the mighty overseas equity markets performance. Investment funds kept flowing into the equity market pushing the indices and turnover to historic record levels and investors' interest rotated in tandem with their response to the issues of growth, inflation and China economy. In the first half, investors were enthusiastic in chasing energy and resources stocks as they were very optimistic on the economy growth. The subsequent worry of inflation and stagflation excused a sharp correction on both commodities and stock market. As the inflation and interest rate worry were soon released by the favourable Bernanke comments in hinting a soft landing and a possible pause of interest hike for US economy, the investors' interest was rekindled by the listing of more sizable China enterprises in Hong Kong stock market. Following the completion of stock reforms in A share market, A share market bottomed out in the middle of the year and took off strongly on increasing turnover. Shanghai A index rose from the bottom of 1221.8 in April to close at 2815.13 up by 130% from last year end with daily turnover exceeding Renminbi 100 billion. This attracted investors to pick up the China finance and insurance stocks aggressively as these stocks will be the greatest beneficiaries of the turnaround performance of A share market after the share reform and the forthcoming fast growth of China finance market. The three major China insurance companies and five major China banks drew greatest attention and dominated the trading in shares and related warrants in the last quarter of 2006. China Life Insurance Co. Ltd. alone went up by almost 3 times in 2006 to HK$27 per share. The rally and development of A share markets had great impact in affecting the investors' interest and choice. Investors actively chased on the those Chinese counters with possible corporate move in association with the A market, including those which decided to apply listing in A share markets, those which would be injected assets from parent companies, those which might be merged or privatized and those which would be benefited by the China government policy. The announcement of Chinese Government in centralising the corporate tax effected a substantial cut in tax for most H companies and added fuels to revalue their earning prospect. HSI index ended strongly by 34% to 19,965 and HS China Enterprises Index almost doubled to 10,340 for 2006. Total turnover also surged by 135% with daily turnover staying above HK$40 billion in the last quarter of 2006. The release of inflation worry brought consolidation to most energy and resources stock and triggered bargain hunting on those cyclical stocks benefited from the weakening oil and commodities prices. The airlines, shipping and motors registered significant rebound.

A strong China economy, coupled with a positive global economy, shall continue to provide fundamental support for the stock market. With the backdrop of the robust A Share markets and the vigorous financial reform in China, Hong Kong stock market is expected to remain buoyant. Recently The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has halted the price spread narrowing to the stock of unit price below HK$2.00 and such decision has stimulated retail participation in trading the smaller counters. In fact, coming to 2007, the smaller counters exploded with a round of price rocketing on frenzy speculative activities. While much of the speculation is of conceptual, the fashion may fade away quickly. In view of strong China economic performance, the Chinese enterprises remain as a focus for the investor attention and are increasing their significance in the market. Hang Seng Bank had just included the China Life Insurance Company Limited and the Industrial and Commercial Bank of China Limited into the Hang Seng Index constituent stocks and even abolished the quotas of including more Chinese national enterprises into constituent stocks list in future. This will further reinforce investor interests in the relevant counters. After strong rally in 2006, Hong Kong stock market may need reasonable range consolidation and more rotation switching will be expected. Volatility will be sharpened as the market is filled with a lot of uncertainties in geo-political risks and economic issues arising from Iran Nuclear case, the carry trade of Yen after interest hike, the inflation and interest rate movement of US economy, the development of fragile US property market, the overheating China economy and its austerity measures. The carry trade of Yen in March 2007, triggering a steep worldwide correction in the equity markets, served as a typical example and excuse.

SECURITIES, FUTURES AND OPTIONS BROKERAGE BUSINESS

During the year under review, turnover for the Group's securities broking business and futures broking business as well as the underwriting commission, which accounted for 46.4% of total operating revenue, was HK$23,713,000 (2005: HK$14,910,000). Profit for the division was HK$3,044,000 (2005: HK$914,000). The division managed to achieve growth in both turnover and profit mainly attributing to the robust Initial Public Offering (IPO) activities of newly listing issues and the buoyant stock market.

SECURITIES MARGIN FINANCING

During the period under review, interest income generated from securities margin loan portfolio accounted for 4.8% of the Group's turnover was HK$3,044,000 (2005: HK$2,246,000). Profit for this division reached HK$1,906,000 (2005: HK$3,685,000). Discounting the write back of the bad and doubtful debt in 2005, operating income maintained stable as the demand brought by the increase of the trading activities of the clients was deterred by the growing volatility and high interest rate. We have also seen increasing day trade activities which reduced the demand for overnight margin financing. The Group maintained consistently prudent and flexible margin financing policy to minimize its risk exposure in the volatile market environment in order to achieve high profitability for our shareholders.

FINANCIAL MANAGEMENT AND ADVISORY SERVICES

Revenue generated from financial management and advisory services was HK$23,737,000 (2005: HK$16,258,000). As the global stock markets performed exceptionally well last year, advisory business increased substantially attributing to our dedicated sales force and marketing campaign. In the coming years, we will try to further diversify our business spectrum and business regions in order to maintain substantial growth.

INVESTMENT BANKING

The Group operates its investment banking division under the subsidiary Karl Thomson Financial Advisory Limited. Operating revenue generated by the investment banking business remained at HK$1,010,000 (2005: HK$1,640,000). The decrease in revenue can be attributed to the drop in professional fees for investment banking services.

During the period under review, the division secured a number of financial advisory mandates to provide corporate finance advisory services to unlisted companies whereby the team will provide a full range of financial advisory services, including accounting, internal control, tax planning and fund raising. In addition, the division has also acted as financial adviser or independent financial adviser to several discloseable transactions executed by several listed Hong Kong companies.

With the strong growth of the Hong Kong's economy as well as the positive prospects emerging from the PRC, the division looks to take advantage of these opportunities by continuing to position itself as a premier boutique investment bank and offer tailor-made and cost effective services to our corporate clients.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSOCIATE COMPANIES

On 7 April 2006, the Group has acquired 15% beneficial interest in the WEEM oil field in Egypt (the "Oil Field") through its 50% interest of Oriental Victor Limited ("Oriental Victor"). In the subsequent shareholding changes on 3 August 2006, the Group acquired the remaining 50% equity interest of Oriental Victor and Oriental Victor became a wholly-owned subsidiary of the Company and effectively the Group has an additional 5% beneficial interest in the Oil Field. The effective interest in the exploration and production rights in relation to the Oil Field has increased from 15% to 20%. According to the agreement, the Group will contribute capital commitment of US$7,000,000 (approximately HK$54,600,000) by way of shareholder's loan in stages.

On 8 November 2006, the Group made a conditional general offer bid to purchases all shares of Volant Petroleum Limited ("Volant"), a company listed on the Australian Stock Exchange. Under the offer, each Volant share will be offered (a) 35% by way of US0.071 in cash or alternatively (at the election of Sky Energy Investment Limited ("SEI"), a wholly owned subsidiary of the Company) 0.2121 shares at HK$2.6 and (b) 65% by way of 1 redeemable convertible preference share in the Group.

In compiling with the terms of the General Offer, on 10 November 2006, SEI has granted written consent to Volant to enter into 2 Participating Agreements to acquire 100% mining interest in respect of 2 oil and gas prospects in the U.S.A. on 15 November 2006. Furthermore, Volant has beneficial interests in both Block 2 WEEM and in Block 3 WKO in the exploration and production rights of oil.

Volant is a company duly incorporated under the laws of Queensland and its shares are listed on the Australian Stock Exchange. The principal business of Volant is the acquisition of oil and gas exploration and production tenements, and the provision of capital and management to those companies involvement in the related business. Volant is in the process of accumulating a portfolio of oil and gas exploration and production assets within the American and African continents.

The Group viewed this offer as the golden opportunity in acquiring experienced management and professionals team of Volant in the oil business, in extending its penetration through the strong and well established network in a wide spectrum of countries and in bringing synergy effects by combining the technical knowledge of Volant in the oil business and our expertise in capital market.

The acquisition is now proceeding step by step according to plan, the Group has already received over 90% acceptance from Volant's shareholders in February 2007. It is expected that the circular will be released by 5th June 2007 and the EGM will be held with in June.

The acquisition is now proceeding step by step according to plan, the Group has already received over 90% acceptance from Volent's shareholders in February 2007. It is expected that the circular will be released by 5 June 2007 and EGM will be held within June.

Apart from this, there was no material acquisition and disposal of companies during the year.

Liquidity, Financial Resources and Funding

The Group generally finances its operation with internally generated cash flows. The Group has no bank borrowings apart from occasional utilization of overdraft facilities. As at 31 December 2006, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK$16,116,000 (2005: HK$29,150,000).

Human Resources

As at 31 December 2006, the Group employed a total of 125 (2005:126) staff of which, 76 (2005: 81) were commissioned based and the total related staff cost amounted to HK$11,354,000 (2005: HK$10,642,000). The Group maintained minimum overhead expenses to support the basic operation and dynamic expansion of its business. The future staff costs will be more directly linked to the performance of business turnover and profit, enabling the Group to respond flexibly with the changes of business environment.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for year ended 31 December 2006 (2005: Nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the financial year 2006, except that the Chairman and the Managing Director who are appointed for a term of 3 years respectively are not subject to rotation or taken into account in determining the number of directors to retire in each annual general meeting in accordance with the Bye-Laws of the Company. This constitutes a deviation from code provision A.4.2. of the Code. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

During the financial year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by the Directors of the Company. Based on specific enquiry of the Directors of the Company, all Directors have complied with the required standard as set out in the Mode Code throughout the year ended 31 December 2006.

Throughout the accounting period covered by this announcement, the Company has complied with the minimum requirements of the Listing Rules relating to the appointment of at least 3 Independent Non-Executive Directors and one of which have appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited consolidated results for the year ended 31 December 2006 of the Group. The Audit Committee is composed of 3 Independent Non-Executive Directors of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 24 May 2007 to 31 May 2007, both days inclusive, during the period no transfer will be effected. The Company's branch share registrar and transfer office in Hong Kong located at 26 Floor, Tresbury Centre, 28 Queen's Road East, Hong Kong.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S SECURITIES

During the year ended 31 December 2006, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2006 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu as set out in the preliminary announcement.

PUBLICATION OF 2006 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The 2006 Annual Report of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange in due course.

On behalf of the Board
Karl Thomson Holdings Limited
Lam Kwok Hing
Chairman

Hong Kong, 25 April 2007

** For identification purpose only*

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Lam Kwok Hing and Nam Kwok Lun as Executive Directors; and Messrs. Chen Wei-Ming Eric, Kwan Wang Wai Alan and Ng Chi Kin David as Independent Non-Executive Directors.

Please also refer to the published version of this announcement in the China Daily.