

I am pleased to announce to the shareholders the audited consolidated results of Karl Thomson Holdings Limited (the “Company”) together with its subsidiaries (the “Group”) for the year ended 31 December 2005.

For the year ended 31 December 2005, profit attributable to shareholders amounted to HK\$13,845,000 (nine months ended 31 December 2004: HK\$45,684,000), equivalent to earnings per share of HK3.01 cents (nine months ended 31 December 2004: HK9.9 cents).

The economic recovery since the outbreak of SARS in 2003 proved to be sustainable. Following the rise of 8.6% in 2004, Gross Domestic Product ended with a stunning growth of 7.3% in 2005. The advance was board based with greater strengths in domestic exports and consumption. The domestic export defied the downward trend of the past few years to pick up remarkably in the second half, possibly due to the strong demand from overseas markets. The extension of CEPA coverage and the continual trade conflicts between China and its export markets had motivated more industrialists to relocate their manufacturing bases back to the territory. The employment situation continued to improve. Unemployment rate dropped to a 52-month low at 5.2% from the period of December of 2005 to February of 2006 with significant better-off in salary increments and bonus payment. Total employment reached a historic record of 3,430,000. Certain industries experienced a shortage of professionals and they had to offer higher salaries to retain and recruit their employees. The growing optimism of the general public and higher income earned had positive impact on the domestic consumer market. Visitors to Hong Kong maintained a satisfactory growth of 7.1% despite a higher base last year. Arrivals from Mainland China slowed down but the 2.4% increase represented a new high of more than 12,500,000 in 2005. China remained as the major source market. Visitors from international markets gained substantially by 13.1% and helped to cover the shortfall of growth in Chinese visitors. The continual extension of Individual Visit Scheme (IVS) enabled Hong Kong to attract visitors from the secondary and emerging cities in the Mainland China and underpinned the growth of visitors in the long run. The robust retail business had drawn speculative activities in the business properties which in turn pushed up the rents sharply. This directly put pressure on the

本人欣然向股東公佈高信集團控股有限公司(「本公司」)連同其附屬公司(「本集團」)截至二零零五年十二月三十一日止年度的經審核綜合業績。

截至二零零五年十二月三十一日止年度，股東應佔溢利為13,845,000港元(截至二零零四年十二月三十一日止九個月：45,684,000港元)，相等於每股盈利3.01港仙(截至二零零四年十二月三十一日止九個月：9.9港仙)。

自二零零三年爆發非典型肺炎以來，經濟確認持續復甦。本地生產總值隨著二零零四年上升8.6%後，二零零五年仍錄得7.3%的驕人升幅。不同環節均錄得增長，尤以本地出口及消費較為強勁。出口扭轉過去數年的跌勢，於下半年顯著回升，部份由於海外市場需求強勁所致，然而，更緊密經貿關係安排覆蓋範圍擴大，加上中國與其出口市場之間不斷發生貿易衝突，均促使更多實業家將其生產基地遷回本港。就業情況持續改善。失業率跌至五十二個月以來的新低，於二零零五年十二月至二零零六年二月期間為5.2%，薪酬加幅及花紅均大幅增加。全港就業人數達到創紀錄的3,430,000人。若干行業更面臨缺乏專才，須提供較高薪酬挽留及招聘員工。普羅大眾情緒轉越來越樂觀，加上收入增加，對本地消費市場產生正面影響。儘管去年旅客人數基數較高，但訪港旅客仍保持7.1%的理想增長。來自中國大陸的旅客人數增長放緩至2.4%的增幅，但二零零五年的來港人數仍創下新高，超過12,500,000人。中國仍然是主要的旅客來源市場。來自國際市場的旅客則大幅增加13.1%，有助彌補中國旅客增長不足之數。個人旅遊計劃(「個人遊」)持續擴大，讓香港可吸引中國大陸較小及新興城市的旅客，同時確保旅客人數可以長期不斷增長。零售業暢旺，導致商用物業出現投機活動，因而大幅推高租金，對經營者構成直接壓力，同時亦降低他們的盈利。另一方面，經濟亦受到負面外圍因素的不利影響。息口連續攀

business operators and eroded their profitability. Nonetheless, the economy was also adversely affected by the negative external factors. The successive interest hikes and the soaring oil price weakened the purchasing power of the major overseas markets. Internally, the interest hikes had dampened the investment confidence in buying properties. The number of flat sales dropped significantly and prices also underwent correction. The high oil prices added difficulties particularly to certain industries and put pressure on the domestic inflation. The Consumer Price Index registered a modest gain of 1.8% for December of 2005 but jumped to 2.6% for January of 2006. The strong expansion of Chinese export business faced increasing hostility from the Western industrialized countries. Hong Kong was clouded with greater uncertainties in its export business, anticipating more possible trade discriminations in form of anti-dumping duties, countervailing duties and quota restrictions.

The stock market for 2005 fell in a narrow featureless trading range for most of the year. Turnover gradually improved in the last quarter of the year amid favourable performance in major overseas stock markets. The investment sentiment became positive after successful listing of various sizable issues with good post listing performance. The encouraging stock reforms of A-Shares further enticed investors to seek undervalued H-shares in the market. The perception that RMB (Renminbi) would appreciate under pressure from USA helped to keep attracting funds to invest in those China related counters. Hang Seng Index performance was disappointed as compared to other major overseas markets and closed at 14,876 in 2005, a modest gain of 4.5% over last year. On the other hand, the H-index performed better to increase by 12.4% to 5,330 in 2005 and continued to make record highs across the first quarter of 2006. Hong Kong stock market achieved satisfactory records in turnover, fund raised amount and market capitalization. In 2005, it successfully introduced the listing of a new type of investment securities - Real Estate Investment Trusts (REITS) as pioneered by The Link REITS. The Hong Kong market still topped the most active warrants market among the major international stock markets. Total market turnover reached 4,498 billions in 2005, about 13.9% greater than last year. Total fund raised amount went up by 5.78% to HK\$292.5 billion. During the period, it had completed a historic fund raised amount record of HK\$71.5 billion for the listing of China Construction Bank. Total market capitalization reached HK\$9,081.8 billion and ranked the No. 8 greatest market after the German market.

升，油價大幅上漲，均削弱主要海外市場的購買力。在內部方面，息口上升已損害置業投資信心。樓宇銷售數量大幅下降，價格亦出現調整。油價高企令若干行業經營更形困難，同時亦增加本港的通脹壓力。消費物價指數於二零零五年十二月微升1.8%，但於二零零六年一月大幅攀升至2.6%。由於中國出口業務全面擴大，來自西方工業國家的敵意亦不斷上升，形成香港出口業務則存在較大的不明朗因素，預計可能面對更多的貿易歧視措施，例如反傾銷稅、反補貼稅及配額限制等。

股市於二零零五年大部分時間窄幅上落，表現平平無奇。由於主要海外股市表現理想，交投量於年度內最後一季逐步回升。隨著多隻大型股份成功上市且上市後表現理想，投資情緒開始變得樂觀。A股的股份改革令人鼓舞，亦進一步吸引投資者在市場中尋求股價偏低的H股。市場認為人民幣在美國壓力下將會升值，有助吸引資金投資於那些與中國有關的股份。相對於其他主要海外市場，恒生指數的表現令人失望，於二零零五年以14,876點收市，只較去年微升4.5%。另一方面，H-指數則表現較佳，於二零零五上升至5330點，升幅達12.4%，並於二零零六年首季繼續屢創新高。香港股市在交投量、集資額及市值方面取得滿意成績，並於二零零五年成功推出新類別的投資證券上市—房地產投資信託基金（「房託基金」），由領匯首先上市。香港市場仍然是各主要國際股市中最活躍的認股權證市場。二零零五年市場交投總額達44,980億，較去年高出約13.9%。總集資額上升5.78%，達2,925億港元。期間內，更創下中國建設銀行上市集資715億港元的歷史紀錄。總市值達90,818億港元，為緊隨德國市場之後的第八大國際交易股票市場。

OUTLOOK

Hong Kong appeared to recover fully from the Asian financial crisis and has regained its competitiveness and vitality as the nominal GDP already surpassed its 1997 peak to reach a new high of \$1,382.2 billion. The domestic economy is still filled with growth momentum, especially in domestic consumption and trade activities. The Financial Secretary estimated another 4.5% growth for 2006 whilst the business sector forecasts a higher range at 6-7%. The global environment remains favourable despite turbulences of oil price and high interest rate. The political unrest in certain areas may add volatility to the oil and commodities prices and financial markets. The oil price may still fluctuate around the US\$60 level and the interest hike is believed to be near the peak. The Chinese economy and the USA market remained resilient notwithstanding the successive interest hikes and the soaring oil prices and recent Consumer Confidence Reports still revealed underlying strengths. Japan economy rebounds solidly from the prolonged slump. Both the New Chief Executive Tsang and his cabinet consistently enjoyed high ratings in the public poll. Although the No. 5 Political Reform Proposal was finally vetoed by the coalition of the opposition parties, the government turned its attention to the economic and welfare affairs and released more resources to improve in these two areas. The 2005/6 budget proposal projected the first 8-year surplus of HK\$5.8 billion since 1997, three years ahead of the schedule, setting an optimistic tone for the coming year. The earlier balancing of the budget also offers greater flexibilities in formulating its economic policy. The trade conflicts between China and the Western countries seem to be endless but they produce both negative and positive effects. Apart from causing uncertainties about the trade, the conflicts would result in further appreciation of RMB which will repeatedly become the speculative excuse to attract fund inflows. Because of the plentiful liquidity in the market, the Hong Kong banks cut their mortgage rates despite fresh interest hikes in USA. Similarly, the stock market benefited from remarkable improvement in turnover, share prices and corporate activities especially those related to the China counters. The H-index continued to advance strongly and make record highs since the last quarter of last year. The daily turnover now stands far above HK\$20 billions and has already hit a record high of HK\$44.3 billion excluding those extraordinary trading days of government interventions in 1998. As at the end of 2005, 38 banks in Hong Kong were providing RMB deposit-taking, exchange and remittance services. Total RMB deposits in Hong Kong had reached RMB22.6 billion and these services were extended to non-individual accounts and Hong Kong residents. Hong Kong is well-equipped to provide more related services and to serve as an international off-shore RMB center. The overall stock market for 2006 therefore looks optimistic.

前景

香港看來已從亞洲金融危機全面復甦過來，並已恢復其競爭力及活力，而本地生產總值已突破一九九七年的歷史高位，創出13,822億元的新高。本地經濟亦充滿增長勢頭，特別是本地消費及貿易活動。財政司司長估計二零零六年會增長4.5%，而商界則預測增長可達到較高的6至7%。儘管油價持續波動及利率高企造成動盪，但全球經濟環境仍然向好。若干地區的政治局勢動盪，可能令石油及商品價格與金融市場更加波動。油價仍會於60美元的水平上落，而加息相信已接近見頂。雖然經過連番加息及油價大幅上漲，但中國經濟及美國市場仍然保持上升，而最近的消費信心報告顯示消費情緒依然樂觀，而日本經濟經過長期衰退後更大幅反彈。本港方面，新任曾特首及其班底在公眾民意測驗中持續獲得很高評分。儘管五號政改建議最終被反對派以網綁式聯盟否決，但政府轉而將注意力集中於經濟及福利事務，並投放更多資源在這兩方面的發展。自一九九七年八月以來，二零零五／六年度預算案預測將首次出現58億港元的盈餘，較預期計劃提早三年，為來年創造樂觀的氣氛。財政預算提早取得收支平衡，亦讓政府在制訂經濟政策方面有更大的靈活性。中國與西方國家之間的貿易磨擦看來沒完沒了，但它們同時帶來負面及正面的影響。除導致貿易方面出現不明朗因素外，磨擦亦會增加人民幣進一步升值，從而一再成為投機者調動資金流入的口實。由於市場流動資金充裕，儘管美國最近加息，但香港銀行反而削減按揭利率。同樣，股市亦因此受惠交投量、股價及企業活動（特別是與中國股票有關者）均顯著好轉。H-指數持續大幅上揚，且自去年最後一季以來屢創高峰。每日交投量目前遠超200億港元，如果不包括一九九八年政府入市干預的特別交易日，已創下443億港元的新高紀錄。於二零零五年底，香港共有38間銀行提供人民幣存款、兌換及滙款服務。香港的人民幣存款總額已達到226億元人民幣，而這些服務已擴展至非個人戶口及香港市民。香港具備充分條件提供更多相關服務，以及作為境外國際人民幣中心。因此，二零零六年股市整體看好。

As stock market for 2005 became increasingly active, the revenue of the core securities, futures and options broking division registered improvement. It can now provide online trading service platforms for both securities and future trading to expand its geographical coverage and to serve more distant customers. The asset management acts as an effective engine to generate more new investors locally and starts to produce cross-sales business for other divisions. The investment bank remains steady and continues to produce an impressive return rate in this highly capital intensive market. On the other hand, the Group is also actively seeking other investment opportunities to increase the return on shareholders' fund. Subsequent to the acquisition of Asia Tele-Net and Technology Corporation Limited ("ATNT") as an associate in 2005, the Group took another strategic move to take part in the oil business in Egypt in 2006. The Group stresses the importance of balance growth, risk control, profitability and high return on shareholders' fund in planning for its future developments and has followed these disciplines closely in carrying out the expansion plans. Although the stock market face various challenge this few years, the Group successfully overcame them and has been working hard for another take-off. As the macro economy provides favourable market conditions, the new projects provide us with business opportunities to broaden the earning base. I feel confident that the business of the Group will soon have steady growth in the years ahead as soon as the new projects are successfully implemented.

APPRECIATION

I would like to take this opportunity to thank my fellow directors for their guidance and support and express my appreciation to the management team and employees for their effort to the Group. I would also thank my customers and shareholders for their continued support.

On behalf of the Board
LAM KWOK HING
Chairman
Hong Kong, 25 April 2006

二零零五年股市變得日趨活躍，核心證券、期貨及期權經紀部分均取得改善。目前已可為證券及期貨買賣提供網上交易服務平台，以擴大其地域覆蓋範圍及為遠距離的客戶提供服務。資產管理則充當有效工具，吸引更多新的投資者，並開始為其他部分帶來交互銷售業務。投資銀行保持穩定，並繼續在這資本高度密集的市場中提供可觀的回報率。另一方面，本集團亦正積極物色其他投資機會，以提升股東資金回報。於二零零五年收購亞洲聯網科技有限公司（「亞洲聯網」）作為聯營公司後，本集團於二零零六年再進行另一項策略投資，參與埃及的石油開發業務。在計劃其業務發展時，本集團強調均衡增長、風險控制、盈利能力及高股東資金回報的重要性，且在實行擴充計劃時緊遵這些規則。雖然證券市場最近幾年面對多項挑戰，本集團成功克服並一直朝著另一次飛騰的目標努力。由於宏觀經濟提供有利的市場環境，新項目為我們帶來擴闊盈利基礎的商機。本人深信待新項目順利實施後，本集團之業務將於未來數年取得持續增長。

致謝

本人謹此感謝各董事的共同領導及支持，同時感謝管理層及員工為集團所作出的努力。本人亦感謝客戶及股東給予不斷的支持。

代表董事會
藍國慶
主席
香港，二零零六年四月二十五日